

INTERIM REPORT 中期報告 2017



GLORY 国瑞

香港聯合交易所股份代號 Stock Code : 2329

GUORUI PROPERTIES LIMITED
國瑞置業有限公司

(於開曼群島以「Glory Land Company Limited (国瑞置業有限公司)」的名稱註冊成立的有限公司，
並以「Guorui Properties Limited」的名稱在香港經營業務)

(Incorporated in the Cayman Islands with limited liability under the name of "Glory Land Company Limited (国瑞置業有限公司)" and carrying on business in Hong Kong as "Guorui Properties Limited")

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Zhang Zhangsun (*Chairman*)
Mr. Ge Weiguang
Ms. Ruan Wenjuan
Ms. Zhang Jin

Independent Non-Executive Directors

Mr. Luo Zhenbang
Mr. Lai Siming
Ms. Chen Jingru

JOINT COMPANY SECRETARIES

Ms. Zheng Jin (CPA)
Ms. Kwong Yin Ping, Yvonne (FCIS, FCS)

AUTHORIZED REPRESENTATIVES

Mr. Ge Weiguang
Ms. Zheng Jin

AUDIT COMMITTEE

Mr. Luo Zhenbang (*Committee Chairman*)
Mr. Lai Siming
Ms. Chen Jingru

REMUNERATION COMMITTEE

Mr. Lai Siming (*Committee Chairman*)
Ms. Ruan Wenjuan
Mr. Luo Zhenbang

NOMINATION COMMITTEE

Mr. Zhang Zhangsun (*Committee Chairman*)
Mr. Lai Siming
Mr. Luo Zhenbang

INTERNAL CONTROL COMMITTEE

Ms. Chen Jingru (*Committee Chairman*)
Mr. Luo Zhenbang
Ms. Ruan Wenjuan

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited
Agricultural Bank of China Limited
Bank of China Limited
China Construction Bank Corporation
Bank of Beijing Co., Ltd.

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LISTING INFORMATION

Share Listing

The Company's ordinary shares
The Stock Exchange of Hong Kong Limited
(the "Stock Exchange")
Stock Code: 02329

WEBSITE

<http://www.glorypty.com/>

FINANCIAL HIGHLIGHTS

The board (the “**Board**”) of directors (the “**Directors**”) of Guorui Properties Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce to the Group’s shareholders (the “**Shareholders**”) the interim results of the Group for the six months ended June 30, 2017, together with comparative figures for the corresponding period in 2016. The Group’s interim results have not been audited but have been reviewed by the Company’s audit committee and the Company’s auditors, Deloitte Touche Tohmatsu (“**DTT**”).

- Achieved contracted sales for the six months ended June 30, 2017 (the “**Reporting Period**”) was RMB5,172.1 million with corresponding gross floor area (“**GFA**”) of approximately 344,102 sq.m., representing a period-on-period decrease of 25.3% and 52.5%, respectively;
- Revenue for the Reporting Period was RMB2,181.9 million, of which the revenue from property development was RMB2,004.2 million;
- Gross profit for the Reporting Period was RMB995.7 million, of which the gross profit from property development was RMB867.1 million;
- Net profit for the Reporting Period was RMB630.5 million, of which RMB498.3 million was attributable to the equity holders of the Company;
- Basic earnings per share for the Reporting Period were RMB11.3 cents;
- Land reserves reached a total GFA of 8,195,468 sq.m. and the average cost of land reserves was RMB3,204.4 per sq.m. for the Reporting Period. Newly acquired land reserves amounted to a total GFA of 498,050 sq.m. and the average cost of land acquisition was RMB12,146.8 per sq.m. for the Reporting Period;
- Contracted average selling price (“**ASP**”) for the Reporting Period was RMB 15,030.3 per sq.m.. The average cost of land reserves accounted for 21.3% of the ASP for the Reporting Period;
- The Board declared an interim dividend of HK7.52 cents per share.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the interim results of the Company for the six months ended June 30, 2017.

REVIEW OF THE FIRST HALF OF 2017

Interim Results

During the Reporting Period, the revenue of the Group was RMB2,181.9 million, of which the revenue from property development was RMB2,004.2 million and the profit was RMB630.5 million, of which the profit attributable to owners of the Company was RMB498.3 million.

Market Review

In the first half of 2017, China's macro economy sustained a stable development momentum and significant differentiation was seen across the real estate industry. Against the backdrop of Central Government's emphasis on the nature of living for housing, the regulatory policies in popular cities continued being tightened. Due to the frequent intensification of house purchase restrictions and lending restrictions as well as various regulatory measures, the sales volume fell but the price remained stable in the first-and second-tier cities, and the sales volume and the price kept rising while destocking sped up in the third-and fourth-tier cities.

Facing the new situation, the Group had responded actively and was looking for new development opportunities: on the one hand, with its focus on the principal business, the Group laid a solid foundation for more market share with products that satisfy the clients' wants and needs; on the other hand, the Group secured a stable rental income by optimizing the allocation of investment properties and improving the services. In addition, the Group grasped the opportunities of popular sectors including Great Health, Great Medical Care and Great Finance, sought breakthroughs in various industry segments under the "Real Estate+" (房地產+) development model and utilized innovative business as driving force, so as to create a new world for the Group's development.

Property development

During the Reporting Period, the Group achieved contracted sales of RMB5,172 million with a total contracted GFA of 344,102 sq.m, among which 79.5% was from projects in cities such as Beijing, Langfang, Haikou, Shantou and Foshan, which became major contributors to the first half year's results of the Group.

In respect of marketing, at the beginning of acquiring the parcel of land, the Group was fully engaged in market research on different cities, locations and the features of different clients and made several plans to promote marketable products with differentiated allocation. Targeting on the first-and second-tier cities such as Beijing and Suzhou, the Group launched a high-end product in the garden and villa series, namely Glory Villa, which focused on catering for the demands for high-level products and had been grasping the market attention once being offered on the market. Aiming on the neighboring areas of the first-tier cities, the Group launched products targeting homebuyers with rigid demand and first-time homebuyers looking for improved living conditions, such as Langfang Yongqing Glory City which became the 2016 Langfang Best-selling Real Estate, and Foshan Guohua New Capital which was of promising future potential due to the benefits from the deepening development of integration of Foshan with Guangzhou. As for the third-and fourth-tier cities, the Group additionally launched new products for homebuyers with rigid demand looking for improved living conditions, including Shantou Glory Siji Garden and Glory Garden and at the same time, launched a high-end landscape residential property, namely Shantou Guan Haiju, in order to meet the needs of different markets.

Investment properties

During the Reporting Period, the total rental income of the Group was RMB140.4 million, which remained stable year-on-year. Rental income is expected to maintain steady growth over the next two to five years, which is mainly benefited from the Group's 7 investment properties situated at the prime locations of 5 core cities including Beijing and Shenzhen with total planned GFA of 808,261 sq.m.. Calculated by the area under operation, the operating area in Beijing accounted for about 53%, among which Glory Shopping mall located in Beijing's most prosperous Chongwen business district has become a fashionable gathering place of the region. Hademen Plaza, which is in proximity to Glory Shopping mall, was accredited as 2016-2017 "China New Hundred Urban Landmark Architecture (中國百城建築新地標)" project.

Land reserves

During the Reporting Period, the Group continued to deep plow the core cities of "Beijing Tianjin Hebei" region, "Pearl River Delta" region and "Yangtze River Delta" region and actively expanded land reserves through various means such as the process of tender, auction and listing (招拍掛) and acquisition. Facing the competitive land auction market, the Group obtained lands through the collaboration with the industry's leading real estate developers at a more reasonable cost to reduce operational risk and enhance the advantages of resources.

In 2017, as continuously driven by the Guangdong-Hong Kong-Macao Great Bay Area Policy (粵港澳大灣區政策), the strategic advantage status of Pearl River Delta is further highlighted. The economic development of Foshan, which is the economic and trade center in western Pearl River Delta region and integrated transport hub, ranked in forefront of Guangdong Province. In March 2017, the Group deepened layout in the Pearl River Delta and won the bid for a high-quality land parcel in Foshan Xiqiao at the consideration of RMB1.72 billion, which was the third finalized project in Foshan. The land parcel was located in New City Zone of Xiqiao Town (西樵鎮新城區) and the future projects will rely on "Guangzhou Foshan One-hour track life circle" (廣佛一小時軌道生活圈) to build urban boutique residential properties. In April, the Group won the bid for a land parcel in Beijing Daxing Yinghai Town (北京大興瀛海鎮) at the consideration of more than RMB3.91 billion, which was located in the New Airport Industry Development Zone and China National Economic and Technical Development Zone (新空港產業發展帶和國家級經濟技術開發區), namely Yizhuang New Town (亦莊新城) with relatively large regional development potential. The land parcel was expected to provide 1,100 sets of self-occupied commodity properties and achieve fast sales and quick return of funds. In the future, the project will also integrate the landscape, transportation and industrial advantages to launch new commercial and residential and office products with Glory characteristics. In July, the Group and other developers jointly won the bid for a land parcel in Xitieying of Fengtai District within Beijing third ring road (北京三環內豐台西鐵營), which is in proximity to Lize Financial Business District, with high-end residential properties and perfect ancillary facilities, which will become a regional popular project in the future.

Innovative businesses

The Group continued to re-integrate the traditional business and resources and expanded in the sectors such as culture and tourism, living care and elderly care, health care and medical care based on the mainstay and foundation of "Great estate" (大地產) with a view to create new vitality for the Group's innovative business development. At present, Glory Characteristic Town and Glory Hospital have made substantial progress.

In November 2016, Haikou Yunlong Town (海口雲龍鎮) was selected for the first batch of towns with Chinese characteristics. In June 2017, Haikou Glory Yunlong Project Phase I (海口國瑞雲龍項目一期) had completed a planning permit publicity. The project relied on thousands of mu of the natural ecological landscape of Yunlong Lake (雲龍湖自然生態景觀) with a total planning GFA of about 770,000 sq.m., and positioned as a tourist resort of characteristic town combining the characteristics of eco-tourism, medical care and health care, culture and entertainment and leisure and vacation. The project is expected to start in the second half of this year and to be completed and put into operation in 2022.

In December 2016, pursuant to "13th Five-year Plan", Chongming was clearly positioned as a world-class ecological island. The Group promoted the Glory Chongming Island Project (國瑞崇明島項目) according to its local conditions. The project is located in Qilong Township, Chongming Island (崇明島啟隆鄉) with a planned GFA of about 1.03 million sq.m., which is a pastoral and ecological town combining the characteristics of agricultural tourism, eco-tourism, parent-child entertainment, low-density residential properties and commercial facilities. The project is expected to be launched on the market at the end of this year.

In December 2016, Shantou Glory Hospital obtained the Construction Project Planning Permit (建設工程規劃許可證) and the construction works have been carried out as scheduled in 2017. Glory Hospital, with a planned GFA of 360,000 sq.m., is the first large-scale general 3A hospital invested and constructed in China. It is planned to provide 2,000 beds and is expected to be completed and put into operation in 2019.

Financing channels

The Group focused its efforts on expanding financing channels, optimizing debt structure and lowering financing costs while actively deploying diversified financing models in order to support the diversified and synergetic development of the Group's businesses. In March 2017, the Group successfully issued senior notes of US\$300 million with an annual interest rate of 7% before the rate hikes of the Federal Reserve, which was rated "B" by the credit rating agency Fitch Ratings, and set the record of the lowest interest rate for the first issue of bonds with such rating in recent years.

OUTLOOK FOR THE SECOND HALF OF 2017

China is still in the stage of rapid urbanization and the property industry remained to be a "stabilizer" (穩定器) of China's economic growth. In the second half of this year, it is expected that the implementation of policies by cities and regulation by classification will remain to be the main tone of the real estate market, the market transactions volume will continue to slow down year-on-year and the industry concentration will continue to rise.

Based on the analysis on the current market conditions, the Group will uphold the strategy to deep plow in regions, seize the opportunities brought by accelerated industry consolidation, continuously innovate and improve business model and improve product structure and enhance our core competitiveness to achieve sustainable growth in future performance.

In respect of real estate development, the Group plans to launch two new projects, Beijing Daxing Yinghai (北京大興瀛海) and Glory Chongming Island (國瑞崇明島). Meanwhile, the Group will additionally launch other projects including Beijing Glory Villa, Suzhou Glory Villa, Langfang Yongqing Glory City, Shantou Guan Haiju, Foshan Guohua New Capital and Shenyang Glory City, increase selling rate and speed up the cash collection to guarantee the operating results of the whole year. The Group will always take customer needs as the bedrock for our development and combine product functionality with customer needs to enhance the competitiveness of products and provide comfortable and humanized residential space and more pleasant and livable community conditions.

In respect of investment properties, Hademen Plaza, with a total GFA of 140,000 sq.m., is expected to be put into operation in the second half of this year and by leveraging on its landmark advantages in Beijing core business district and its reputation in the high-end office buildings market, it will contribute stable rental income to the Group. At the same time, the Group is expected to gain considerable value-added benefits by transforming and upgrading the professional market of Shenyang Glory City into a shopping mall and holding it for operation. With the key commercial properties having been put into operation, sustained and stable cash flow will be provided for the Company to lay the foundation for sustainable development.

In respect of innovative business, the Group's future innovation business still rely on real estate as the main carrier and the Group will continue to expand the new product models including characteristic town, health care, new urban complex and pastoral complex.

Sustainable Development

The Group is committed to promoting the sustainable development of its business and the society and creating long-term value for its Shareholders. As an outstanding representative of China's top 100 real estate enterprises, the Group is willing to develop with the Chinese cities and always undertake the responsibility of corporate citizenship. The Group will promote urban economic development through practical participation in urban renewal and upgrading. The Group will also constantly promote the practice and innovation of environmental building to help improve the living environment and promote the harmonious coexistence between enterprises and society.

ACKNOWLEDGEMENT

Finally, on behalf of the Board, I would like to express our sincere gratitude to all our employees for their diligence and endeavors, and our sincere appreciation to investors, customers and business partners for their strong support and confidence in the Group.

Zhang Zhangsun

Chairman

Beijing, the PRC

August 28, 2017

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the first half of 2017, the Group's total contracted sales were approximately RMB5,172.1 million, representing a decrease of 25.3% as compared to the corresponding period of last year. For the six months ended June 30, 2017, the Group's revenue was RMB2,181.9 million, representing a decrease of 40.3% as compared to the corresponding period of last year. This decrease was primarily due to the decrease in revenue from property development. Revenue from property development was RMB2,004.2 million, representing a decrease of 41.3% as compared to the corresponding period of last year. For the six months ended June 30, 2017, the Group's gross profit was RMB995.7 million, representing a decrease of 33.7% as compared to the same period last year; the net profit was RMB630.5 million, representing a decrease of 37.0% as compared to the same period last year, of which RMB498.3 million was attributable to the equity holders of the Company, representing a decrease of 42.3% as compared to the same period last year.

Contracted Sales

The contracted sales of the Group for the first half of 2017 and 2016 amounted to approximately RMB5,172.1 million and RMB6,919.3 million, respectively, representing a decrease of 25.3%. Total GFA sold was approximately 344,102 sq.m. and 723,950 sq.m., representing a decrease of 52.5%. Contracted sales of the Group, by geographical location, were mainly from Beijing, Langfang, Haikou, and Shantou, amounting to approximately RMB1,146.9 million, RMB918.0 million, RMB784.5 million and RMB 700.0 million, respectively, representing 22.2%, 17.7%, 15.2% and 13.5% of the Group's total contracted sales, respectively.

The following table sets out the geographic breakdown of the Group's contracted sales for the six months ended June 30, 2017 and 2016:

	For the Six Months Ended June 30,					
	2017 Contracted Sales (RMB million)	2016 Contracted Sales (RMB million)	2017 Contracted GFA (sq.m.)	2016 Contracted GFA (sq.m.)	2017 Contracted ASP (RMB/sq.m.)	2016 Contracted ASP (RMB/sq.m.)
Beijing						
Beijing Glory City	37.2	243.9	663	6,356	56,088.3	38,365.3
Beijing Fugui Garden	121.8	—	1,740	—	69,999.0	—
Beijing Glory Villa East	94.9	—	7,908	—	12,000.0	—
Beijing Glory Villa West	893.0	—	41,104	—	21,725.7	—
Haikou						
Haikuotiankong Glory City	496.8	788.2	30,052	53,982	16,530.4	14,601.5
Glory Riverview Garden	55.6	47.6	2,208	2,495	25,189.7	19,066.1
Haikou West Coast Glory	232.1	—	9,954	—	23,320.4	—
Wanning						
Wanning Glory City (Phase I)	80.7	226.7	9,317	33,105	8,666.3	6,847.3
Langfang						
Yongqing Glory City (Phases III to V)	918.0	3,596.6	50,281	389,080	18,257.3	9,243.9
Zhengzhou						
Zhengzhou Glory City (Phases I to VII)	59.4	482.6	3,251	78,138	18,275.0	6,176.8
Shenyang						
Shenyang Glory City (Phases II to IV)	447.9	278.7	64,940	42,722	6,897.4	6,522.4
Foshan						
Foshan Guohua New Capital	515.2	435.0	37,261	50,863	13,825.5	8,553.2
Foshan Glory Shengping Commercial Centre	45.9	—	1,046	—	43,866.2	—
Shantou						
Guan Haiju	328.8	820.0	21,548	67,209	15,258.4	12,201.2
Four Seasons Garden	158.4	—	21,291	—	7,438.0	—
Glory Garden (Phase II)	212.8	—	26,206	—	8,119.4	—
Suzhou						
Suzhou Glory Villa	428.8	—	12,946	—	33,119.0	—
Xi'an						
Glory Xi'an Financial Center	44.8	—	2,386	—	18,768.1	—
Total	5,172.1	6,919.3	344,102	723,950	15,030.3	9,557.7

Note:

Contracted sales shown in the table include sales of car parking spaces and GFA sold includes contracted GFA of car parking spaces.

Property Projects

According to the stage of development, the Group classifies its property projects into three categories: completed properties, properties under development and properties held for future development. As some of its projects comprise multiple-phase development on a rolling basis, a single project may include different phases at various stages of completion, under development or held for future development.

As at June 30, 2017, the Group had completed a total GFA of 5,308,365 sq.m. and had land reserves with a total GFA of 8,195,468 sq.m., comprising (a) a total GFA of 627,957 sq.m. completed but remaining unsold, (b) a total GFA of 2,953,761 sq.m. under development, and (c) a total planned GFA of 4,613,750 sq.m. held for future development.

The Group selectively retained the ownership of a substantial amount of self-developed commercial properties with strategic value to generate stable and sustainable income. As at June 30, 2017, the Group had investment properties with a total GFA of 808,261 sq.m. in Beijing Fugui Garden, Beijing Glory City, Shenyang Glory City, Shantou Glory City, Eudemonia Palace, Beijing Hademen Center, Shenzhen • Nanshan and Foshan Glory Shengping Commercial Centre.

Properties Under Development and Properties Held for Future Development

The following table sets out a summary on the Group's projects in different phases under development and properties held for future development as at June 30, 2017:

Project	Project Type	Site Area (sq.m.)	UNDER DEVELOPMENT			HELD FOR FUTURE DEVELOPMENT		Ownership Interest (%)
			GFA Under Development (sq.m.)	Saleable/ Rentable GFA (sq.m.)	GFA Pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA of Land Use Rights Certificates Not Yet Obtained ⁽²⁾ (sq.m.)	
Beijing								
1. Beijing Hademen Centre	Mixed-use	12,738	140,021	140,021	—	—	—	80.0
2. Beijing Glory Villa East	Residential	94,199	176,859	114,220	85,996	121,718	—	80.0
3. Beijing Glory Villa West	Residential	73,294	218,221	177,372	103,300	18,415	—	80.0
4. Daxing Yinghai	Residential	63,030	—	—	—	195,803	195,803	80.0
Haikou								
1. Hainan Yunlong	Mixed-use	1,084,162	—	—	—	768,844	—	72.0
Wanning								
1. Wanning Glory City (phases II to III)	Residential	143,560	—	—	—	200,955	—	80.0
Langfang								
1. Yongqing Glory City (Phases I (partial) to II, Phase IV (partial))	Residential	663,218	470,853	381,837	137,696	710,006	—	80.0/100.0
Zhengzhou								
1. Zhengzhou Glory City (Phases VIII, School)	Mixed-use	50,434	25,522	—	—	30,793	—	80.0

Project	Project Type	Site Area (sq.m.)	UNDER DEVELOPMENT			HELD FOR FUTURE DEVELOPMENT		Ownership Interest (%)
			GFA Under Development (sq.m.)	Saleable/ Rentable GFA (sq.m.)	GFA Pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA of Land Use Rights Certificates Not Yet Obtained ⁽²⁾ (sq.m.)	
Shenyang								
1. Shenyang Glory City (Phase III (partial), Phases V to VII)	Mixed-use	291,906	61,182	43,323	28,433	791,416	349,902	80.0
Foshan								
1. Foshan Guohua New Capital (Phase II)	Residential	56,529	240,932	226,267	34,540	—	—	44.0
2. Foshan Glory Shengping Commercial Centre	Mixed-use	90,231	352,974	92,349	1,046	—	—	80.0
3. Foshan Xiqiao	Residential	63,952	—	—	—	248,591	248,591	80.0
Xi'an								
1. Guorui • Xi'an Financial Center	Mixed-use	19,162	289,978	211,371	2,386	—	—	80.0
Shantou								
1. Shantou Glory City (Phases II)	Mixed-use	54,431	357,520	353,323	102,960	—	—	100.0
2. Shantou Glory Hospital	Hospital	100,001	—	—	—	360,154	—	100.0
3. Glory Garden (Phases II) ⁽¹⁾	Residential	14,482	77,977	67,546	26,206	—	—	80.0
4. Siji Garden ⁽¹⁾	Residential	42,155	205,008	183,700	21,291	—	—	80.0
Shenzhen								
1. Shenzhen • Nanshan	Commercial	20,163	42,763	42,763	—	132,237	—	80.0
Suzhou								
1. Suzhou Glory Villa	Mixed-use	74,196	240,295	184,948	12,946	2,981	—	80.0
Qidong								
1. Chongming Island	Residential	1,211,544	—	—	—	1,031,837	—	72.0
2. Butterfly Hotel	Hotel	64,000	53,656	—	—	—	—	100.0
Total		4,287,387	2,953,761	2,219,040	556,800	4,613,750	794,296	
Total Attributable GFA			2,441,604	1,829,732	481,136	3,682,652	635,437	

Note:

(1) Projects developed under the “Urban Redevelopment”

(2) Includes 444,394 sq.m. of planned area in respect of which the Group had received the confirmation letter on delivering the relevant land parcel, the Company has carried out the preliminary work on the relevant land parcel.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets out a summary of information of the Group's investment properties as at June 30, 2017:

Project	Types of Properties	Total GFA Held for Investment (sq.m.)	Leasable GFA (sq.m.)	Effective Leased GFA (sq.m.)	Total Rental Income For the Six Months Ended June 30	
					2017 (RMB'000)	2016 (RMB'000)
Beijing Glory City	Shopping mall	84,904	46,366	43,772	106,194	115,191
	Offices	8,520	8,520	6,651		
	Car parking spaces	26,324	26,324	21,616		
	Retail outlets	33,032	29,546	24,433		
	Siheyuan	7,219	7,219	2,871		
Eudemonia Palace	Car parking spaces	3,431	3,431	1,729		
Beijing Fugui Garden	Shopping mall	26,146	26,146	24,316	17,319	19,795
	Retail outlets	3,170	3,170	2,584		
Shenyang Glory City	Shopping mall	50,841	50,841	11,121	—	—
	Retail outlets	58,972	58,972	2,155		
Shantou Glory City	Specialized markets	62,398	62,398	59,140	16,922	10,678
Beijing Hademen Center*	Offices					
	Shopping mall	140,021				
	Car parking spaces					
Foshan Glory Shengping commercial center*	Retail outlets	260,520				
	Car parking spaces					
Shenzhen • Nanshan*	Offices	42,763				
Total		808,261	322,933	200,388	140,435	145,664

* Projects currently under construction

Completed Properties

The following table sets out a summary on the Group's completed projects as at June 30, 2017:

Project	Project Type	Site Area (sq.m.)	Completed GFA (sq.m.)	GFA	GFA	GFA Sold (sq.m.)	Other GFA (sq.m.)	Ownership Interest (%)	
				Available for Sale or use by us (sq.m.)	Available for Sale (sq.m.)				GFA Held for Investment (sq.m.)
Beijing									
1. Beijing Fugui Garden	Mixed-use	87,075	507,857	48,042	3,463	29,316	421,374	9,125	91.0
2. Beijing Glory City	Mixed-use	117,473	881,590	62,922	15,478	159,999	640,489	18,180	80.0
3. Eudemonia Palace	Residential	14,464	33,102	3,431	—	3,431	24,931	1,309	80.0
Haikou									
1. Haikuotiankong Glory City	Mixed-use	141,375	800,154	258,750	112,521	—	505,324	36,080	80.0
2. Haidian Island Glory Garden	Residential	65,643	71,863	15,024	753	—	56,258	581	80.0
3. Glory Riverview Garden		36,634	21,658	16,940	16,940	—	3,633	1,085	80.0
4. Haikou West Coast Glory		34,121	21,971	9,241	9,241	—	11,449	1,281	80.0
Wanning									
1. Wanning Glory City (Phase I)	Residential	100,780	161,988	19,224	11,872	—	139,190	3,574	80.0
Langfang									
1. Yongqing Glory City (Phase I (partial), Phases III, Phase IV (partial), V)	Residential	650,148	714,356	94,242	18,211	—	606,276	13,838	80.0/100.0
Zhengzhou									
1. Zhengzhou Glory City (Phases I to VII)	Mixed-use	433,793	778,240	102,387	25,419	—	656,531	19,322	80.0
Shenyang									
1. Shenyang Glory City (Phases I to II, Phase III (partial), Phase IV)	Mixed-use	335,679	859,454	202,761	26,857	109,813	534,196	12,684	80.0
Foshan									
1. Foshan Guohua New Capital (Phase I)	Mixed-use	64,284	273,985	94,008	19,886	—	175,659	4,318	44.0
Shantou									
1. Shantou Glory City (Phase I)	Mixed-use	50,999	62,398	—	—	62,398	—	—	90.0
2. Glory Garden	Mixed-use	14,161	33,795	2,278	2,278	—	31,517	—	100.0
3. Yu Garden	Residential	8,292	25,767	—	—	—	25,767	—	100.0
4. Star Lake Residence	Residential	3,589	12,132	—	—	—	12,132	—	100.0
5. Yashi Garden	Residential	9,472	48,054	81	81	—	47,197	776	100.0
Total		2,167,982	5,308,364	929,331	263,000	364,957	3,891,923	122,153	
Total Attributable GFA		1,761,244	4,296,378	726,089	205,046	301,430	3,169,218	99,642	

Land Reserves

The following table sets out a summary of the Group's land reserves by geographic location as at June 30, 2017:

	Completed	Under Development	Future Development	Total Land Reserves	% of Total Land Reserves	Average land cost
	Saleable/ Rentable GFA Remaining Unsold (sq.m.)	GFA Under Development (sq.m.)	Planned GFA (sq.m.)	Total GFA (sq.m.)	(%)	(RMB/sq.m.)
Beijing	211,686	535,101	335,935	1,082,722	13.2	11,059.6
Haikou	139,457	—	768,844	908,301	11.1	1,685.9
Wanning	11,872	—	200,955	212,827	2.6	354.2
Langfang	18,211	470,855	710,007	1,199,073	14.7	352.5
Zhengzhou	25,419	25,522	30,793	81,734	1.0	405.3
Shenyang	136,669	61,182	791,416	989,267	12.1	906.1
Foshan	19,886	593,905	248,591	862,382	10.5	4,085.9
Xi'an	—	289,978	—	289,978	3.5	1,551.8
Shantou	64,757	640,504	360,154	1,065,415	13.0	1,082.7
Shenzhen	—	42,763	132,237	175,000	2.1	3,428.6
Suzhou	—	240,295	2,981	243,276	3.0	16,980.6
Qidong	—	53,656	1,031,837	1,085,493	13.2	1,354.7
Total	627,957	2,953,761	4,613,750	8,195,468	100.0	3,204.4

The following table sets out a summary of the Group's land reserves by type of properties as at June 30, 2017:

	Completed	Under Development	Future Development	Total Land Reserves	% of Total Land Reserves
	Saleable/ Rentable GFA Remaining Unsold (sq.m.)	GFA Under Development (sq.m.)	Planned GFA (sq.m.)	Total GFA (sq.m.)	(%)
Residential	114,868	1,386,045	2,827,200	4,328,113	52.7
Commercial for sale	126,139	420,761	678,596	1,225,496	15.0
Commercial held or intended to be held for investment	364,957	443,304	—	808,261	9.9
Hotel	—	88,092	104,529	192,621	2.4
Car parking spaces	21,993	445,080	313,601	780,674	9.5
Ancillary	—	116,748	300,951	417,699	5.1
Hospital	—	—	360,154	360,154	4.4
Others	—	53,731	28,719	82,450	1.0
Total	627,957	2,953,761	4,613,750	8,195,468	100.0

Primary Land Development and Projects Developed under the “Urban Redevelopment” Policy

Apart from engaging in property development projects, the Group also actively undertakes primary land development projects as a strategic business in order to access potentially available land reserves. During the Reporting Period, the Group undertook primary land development, redevelopment of shanty town and projects under the “Urban Redevelopment” policy in Beijing, Shantou, Chaozhou and Shenzhen.

Beijing

Since September 2007, the Group has undertaken a primary land development project in Beijing, namely, the West Qinian Street project, with a planned GFA of approximately 474,304 sq.m., comprising five land parcels. The site of West Qinian Street project is located on the west side of Qinian Street and is less than one kilometer from Tiananmen Square. As at June 30, 2017, the Group incurred development costs of approximately RMB1,294.8 million and has completed the primary land development of one of the five land parcels. Another land parcel is in the process of acceptance check by the Group. The West Qinian Street project is still currently under development.

Shantou

Pursuant to cooperation agreements with local self-governing organizations and enterprises under the “Urban Redevelopment” policy, the Group undertook the development of land parcels in Shantou, comprising four development projects with a total planned GFA of approximately 4.3 million sq.m. during the first half of 2014. The local self-governing organizations and enterprises have agreed to cooperate in development and construction of the relevant land parcels with the Group after the completion of the requisite government procedures under the relevant local regulation. The Group has completed a detailed regulatory plan for two of the development projects. The demolition work has been completed successfully and approval has been obtained from the relevant governmental authorities on transformation and distribution solutions and began to develop residential properties. As at June 30, 2017, the Group incurred aggregate development costs of approximately RMB526.5 million.

Chaozhou

During the first half of 2014, the Group undertook a primary land development project in Chaozhou, Guangdong Province, with a planned GFA of 2.9 million sq.m., namely, the Meilin Lake project. The Group has obtained the approval from the local government on preliminary land-use planning, completed preliminary work such as project establishment, project environment assessment, collection of evidence on land ownership and structures thereon (including buildings), and completed the preproclamation of the demolition of approximately 4,419 mu land. As at June 30, 2017, the Group incurred preliminary development costs of RMB9.4 million for this project to cover preliminary planning, design and surveying expenses. The Meilin Lake Project is still currently under development.

Shenzhen

In the first half of 2014, Shenzhen Dachaoshan entered into a cooperation agreement with Shenzhen Longgang Xikeng Co., Ltd. (深圳市龍崗區西坑股份有限公司) to carry out urban renewal of the Xikeng community. The planned construction area of the project was about 2.3 million square meters. The Group has completed the census work including the land ownership, resident population and building information in the Xikeng community, and the urban renewal planning research program. As at June 30, 2017, the development costs paid at the early stage in relation to this project was approximately RMB62.7 million.

FINANCIAL REVIEW

Revenue

For the six months ended June 30, 2017, the Group's revenue was RMB2,181.9 million, representing a decrease of 40.3% as compared to the corresponding period of last year. This decrease was primarily due to the decreased revenue from property development.

Revenue from property development for the six months ended June 30, 2017 was RMB2,004.2 million, representing a decrease of 41.3% as compared to the corresponding period of last year. This decrease was primarily due to the uneven progress of project delivery and settlement during the six months ended June 30, 2017.

Gross Profit

For the six months ended June 30, 2017, the Group's gross profit was RMB995.7 million, representing a decrease of 33.7% as compared to the corresponding period of last year.

Gross profit of property development was RMB867.1 million, representing a decrease of 37.0% as compared to the corresponding period of last year. The decrease in the Group's gross profit of property development was primarily due to the uneven progress of delivery and settlement for the properties of the Group in the six months ended June 30, 2017. The gross profit margin of property development increased from 40.3% for the six months ended June 30, 2016 to 43.3% for the six months ended June 30, 2017.

Net Profit Attributable to Equity Holders of the Company

For the Reporting Period, the net profit attributable to equity holders of the Company was RMB498.3 million, representing a decrease of 42.3% from RMB863.6 million for the corresponding period of last year.

Changes in Fair Value Gains on Investment Properties

The fair value gains on investment properties at the Group's level decreased by 6.7% from RMB465.6 million for the six months ended June 30, 2016 to RMB434.4 million for the six months ended June 30, 2017.

Other Gains and Losses

Other losses were RMB8.5 million for the six months ended June 30, 2016, while other gains were RMB40.8 million for the six months ended June 30, 2017, primarily due to foreign exchange gains.

Other Income

Other income increased by 32.4% from RMB7.7 million for the six months ended June 30, 2016 to RMB10.2 million for the six months ended June 30, 2017.

Distribution and Selling Expenses

Distribution and selling expenses decreased by 20.4% from RMB130.2 million for the six months ended June 30, 2016 to RMB103.7 million for the six months ended June 30, 2017, mainly due to the decrease in marketing promotion expenses of the Group.

Administrative Expenses

Administrative expenses increased by 25.4% from RMB142.2 million for the six months ended June 30, 2016 to RMB178.4 million for the six months ended June 30, 2017, primarily due to the Group's expansion of real estate sector and the increase in the remuneration and benefits of related persons.

Financing Costs

Financing costs increased by 5.5% from RMB75.8 million for the six months ended June 30, 2016 to RMB80.0 million for the six months ended June 30, 2017.

Income Tax Expenses

Income tax expenses decreased by 24.0% from RMB614.6 million for the six months ended June 30, 2016 to RMB467.3 million for the six months ended June 30, 2017, primarily due to the decrease of the profit before taxation. The PRC corporate income tax and land appreciation tax of the Group for the six months ended June 30, 2017 were RMB237.8 million and RMB229.5 million, respectively.

Profit and Total Comprehensive Income for the Period

As a result of the foregoing, the Group's profit and total comprehensive income for the period decreased from RMB1,000.4 million for the six months ended June 30, 2016 to RMB630.5 million for the six months ended June 30, 2017. The decrease in the Group's profit and total comprehensive income for the period was primarily due to the decrease in revenue from property development.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at June 30, 2017, the Group's cash, restricted bank deposits and bank balances were approximately RMB2,025.6 million, representing an increase of 33.2%, compared to RMB1,520.9 million as at December 31, 2016.

Net Operating Cash Flow

The Group recorded negative net operating cash flow in the amount of RMB3,894.2 million for the six months ended June 30, 2017, as compared to a negative net operating cash flow of RMB710.4 million for the six months ended June 30, 2016. The Group's negative net cash flow from operating activities was primarily due to the bid for a parcel of land in Yinghai Town, Daxing District, Beijing City in the first half of the year.

Net Gearing Ratio

The Group's net gearing ratio or net debt to equity ratio (being total interest bearing debt less bank balances, cash and restricted cash divided by total equity and multiplied by 100%) was 196% as at June 30, 2017, as compared to 156% as at December 31, 2016.

Borrowings

On March 21, 2017, the Company issued Senior Notes with an aggregated nominal value of US\$300,000,000 (“2017 Senior Notes”) at face value. The 2017 Senior Notes were listed on the Stock Exchange. Further details of the 2017 Senior Notes are set out in note 15 to the condensed consolidated financial statements.

As at June 30, 2017, the Group had outstanding borrowings of RMB25,451.2 million, consisting of bank borrowings of RMB17,850.4 million, other borrowings for trust financing arrangements of RMB1,610.0 million, corporate bonds of RMB3,984.9 million and senior notes of RMB2,005.9 million.

As at June 30, 2017, the outstanding amount of the Group’s borrowings from trust financing arrangements accounted for 6.3% of the balance of the Group’s total bank and other borrowings.

Charge over Assets

Some of the Group’s borrowings are secured by properties under development for sale, properties held for sale, investment properties and prepaid lease payments as well as property, plant and equipment and restricted bank deposits, or combinations of the above. As at June 30, 2017, the assets pledged to secure certain borrowings granted to the Group amounted to RMB29,626.0 million.

Financial Guarantees and Contingent Liabilities

In line with market practice, the Group has entered into arrangements with various banks for the provision of mortgage financing to its customers. The Group does not conduct independent credit checks on the customers, but rely on credit checks conducted by relevant banks. As with other property developers in the PRC, the banks usually require the Group to guarantee its customers’ obligation to repay the mortgage loans on the properties. The guarantee period normally lasts until the bank receives the strata-title building ownership certificate (分戶產權證) from the customer as security of the mortgage loan granted. As at June 30, 2017, the Group’s outstanding guarantees in respect of the mortgages of its customers amounted to RMB7,634.8 million.

Save as disclosed in this report, the Group had no other material contingent liabilities as at June 30, 2017.

Capital and Other Commitments

As at June 30, 2017, the Group had certain contracted but not-provided-for commitments in connection with expenditure in respect of properties under development for sale. For details, please refer to footnote 18 to the Report on Review of Condensed Consolidated Financial Statements.

Foreign Exchange Rate Risk

We conduct our business primarily in Renminbi. We are exposed to foreign exchange rate risk on bank deposits. On July 21, 2005, the PRC Government changed its policy of pegging the value of the Renminbi to the US dollar. Under the new policy, the Renminbi is permitted to fluctuate with a narrow and managed band against a basket of certain foreign currencies. This change in policy has resulted in a gradual appreciation of the Renminbi against the US dollar and, in turn, the Hong Kong dollar which value is linked to the US dollar. The PRC Government may take further actions that could cause future exchange rates to vary significantly from current or historical exchange rates. A depreciation in the Renminbi would (i) adversely affect the value of any dividends we pay to our Shareholders outside the PRC and (ii) require us to use more Renminbi funds to service the same amount of any foreign currency debt. An appreciation in the Renminbi, however, would adversely affect the value of the proceeds we receive from any security offerings or capital contributions in foreign currency if they are not converted into Renminbi in a timely manner. We do not have a foreign currency hedging policy. However, our Directors monitor our foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currencies, consider adopting a significant foreign currency hedging policy in the future.

MATERIAL ACQUISITION AND DISPOSALS AND SIGNIFICANT INVESTMENTS

Pursuant to a state-owned construction land use right grant contract signed on June 9, 2017 between an indirect subsidiary of the Company, Beijing Glory Xingye Real Estate Holding Limited* (北京國瑞興業房地產控股有限公司) (“**New Beijing Glory**”), and Beijing Municipal Planning and Land Resources Management Committee, New Beijing Glory won the bid for the land use right of a parcel of land in Yinghai Town of Daxing District in Beijing City measuring a total of 63,029.6 sq.m. for a total consideration of approximately RMB3.91 billion. The Group plans to develop residential and office products on such parcel of land.

Pursuant to a state-owned construction land use right grant contract signed on April 10, 2017 between an indirect subsidiary of the Company, Foshan Glory Xingye Real Estate Limited* (佛山市國瑞興業地產有限公司) (“**Foshan Glory**”), and the Bureau of Land Resources and Urban Planning of Foshan, Foshan Glory won the bid for the land use right of a parcel of land in Xiqiao Town (西樵鎮) of Nanhai District (南海區) in Foshan City (佛山市) measuring a total of 63,951.5 sq.m. for a total consideration of approximately RMB1.72 billion. The Group has obtained the construction land planning permit to such parcel of land on July 24, 2017. The Group plans to develop residential housing on such parcel of land.

On June 28, 2017, Qidong Glory Properties Limited* (啟東市國瑞置業有限公司) (“**Qidong Glory**”), an indirect subsidiary of the Company, entered into an asset transfer agreement with a third party company to transfer the Butterfly Hotel in Huilong Town (滙龍鎮), Qidong City (啟東市) to Qidong Glory for a total consideration of RMB412.0 million. Butterfly Hotel covers an area of approximately 64,000.0 sq.m. with the construction area of approximately 53,656.0 sq.m. under development.

Save as disclosed in this report, the Group did not have any other material acquisition or disposal or significant investment during the Reporting Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group will continue to invest in its property development projects and acquire suitable land parcels in selected cities, if it thinks fit. It is expected that internal resources and bank borrowings will be sufficient to meet the necessary funding requirements. Save as disclosed in the Company's prospectus dated June 23, 2014 (the "**Prospectus**") and the abovementioned in this report, the Group did not have any future plans for material investments or capital assets as at the date of this report.

EMPLOYEES AND REMUNERATION POLICIES

As at June 30, 2017, the Group had approximately 1,021 employees. For the six months ended June 30, 2017, the Group incurred employee costs of approximately RMB157.8 million. Remuneration for the employees generally includes salaries and performance bonuses. As required by applicable PRC laws and regulations, the Group participates in various employee benefit plans of the municipal and provincial governments, including housing provident funds, pension, medical, maternity, occupational injury and unemployment benefit plans.

INTERIM DIVIDEND

On August 28, 2017, the Board declared an interim dividend of HK7.52 cents per share in cash amounting to HK\$333,849,000 (equivalent to RMB300,000,000) in aggregate ("**Interim Dividend**"). The Interim Dividend declared was expected to be distributed to qualifying Shareholders on or about Friday, September 29, 2017.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining Shareholders who qualify for the Interim Dividend, the register of members of the Company will be closed from Monday, September 18, 2017 to Tuesday, September 19, 2017, both days inclusive. In order to qualify for the Interim Dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, September 15, 2017.

USE OF NET PROCEEDS FROM LISTING

The net proceeds from issue of new shares of the Company in its global offering and the partial exercise of over-allotment option (after deducting underwriting fees and related expenses) amounted to approximately HK\$1,561.0 million. As of June 30, 2017, the Company had used approximately HK\$150.0 million for the Company's general corporate and working capital purpose. The remaining of the net proceeds are applied in the manner consistent with that set out in the Prospectus.

DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2017, the interests or short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”), were as follows:

(a) Interest in shares of the Company

Name of Director	Nature of interest	Number of shares	Approximate percentage of interest in the Company
Zhang Zhangsun (“Chairman Zhang”) ¹	Interest of a controlled corporation	3,716,382,300	83.712%
Ruan Wenjuan	Interest of a controlled corporation	3,716,382,300	83.712%

Note 1: Alltogether Land Company Limited (“Alltogether”) is wholly-owned by Chairman Zhang. As such, Chairman Zhang, through Alltogether, is indirectly interested in the shares held by Alltogether. Further, as Ms. Ruan Wenjuan, an executive Director of the Company, is the spouse of Chairman Zhang, Ms. Ruan Wenjuan is also deemed to be interested in the shares held by Alltogether under the SFO.

(b) Interest in the underlying shares of the Company

Name of Director	Nature of interest	Number of shares in the Company subject to options granted under the Pre-IPO Share Option Scheme	Approximate percentage of interest in the Company
Ge Weiguang	Beneficial owner	3,500,000	0.079%
Ruan Wenjuan*	Beneficial owner	3,500,000	0.079%
Zhang Jin	Beneficial owner	3,500,000	0.079%

* As Chairman Zhang is the spouse of Ms. Ruan Wenjuan, Chairman Zhang is deemed to be interested in the above underlying shares held by Ms. Ruan Wenjuan.

(c) Interest in shares of associated corporation

Name of Director	Nature of interest	Name of associated corporation	Approximate percentage of shareholding
Chairman Zhang	Beneficial owner	Alltogether	100%

All interests in the shares and underlying shares of the Company and its associated corporations are long positions.

Save as disclosed above, as at June 30, 2017, none of the Directors, chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

As at June 30, 2017, the following persons had an interest or short position in shares or underlying shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 5% or more of the issued share capital of the Company, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

(a) Interest in shares of the Company

Name of substantial Shareholder	Nature of interest	Number of shares	Approximate percentage of interest in the Company
Chairman Zhang ⁽¹⁾	Interest of a controlled corporation	3,716,382,300	83.712%
	Interest of child under 18 or spouse	3,500,000	0.079%
Alltogether	Beneficial owner	3,716,382,300	83.712%

Note 1: Alltogether is wholly-owned by Chairman Zhang. As such, Chairman Zhang, through Alltogether, is indirectly interested in the shares held by Alltogether. Further, as Ms. Ruan Wenjuan, an executive Director of the Company, is the spouse of Chairman Zhang, Chairman Zhang is deemed to be interested in the underlying Shares held by Ms. Ruan Wenjuan. Ms. Ruan Wenjuan is also deemed to be interested in the shares held by Alltogether under the SFO.

(b) Substantial shareholders of other members of the Group

No.	Name of shareholder	Name of member of the Group	Capacity	Approximate percentage of ownership held by the substantial shareholders
1	Shantou Longhu Huamu Market Co., Ltd.* (汕頭市龍湖花木市場有限公司)	New Beijing Glory	Beneficial Owner	20%
2	Shantou Longhu Huamu Market Co., Ltd.* (汕頭市龍湖花木市場有限公司)	Beijing Glory Xingye Real Estate Co., Ltd.*(北京國瑞興業地產股份有限公司)	Beneficial Owner	20%
3	Lin Yaoquan (林耀泉)	Shantou Glory Construction Materials & Home Furnishing Exhibition Center Co., Ltd.* (汕頭國瑞建材家居博覽中心有限公司)	Beneficial Owner	10%
4	Chaoan County Baoshan Investment & Development Co., Ltd.* (潮安縣寶山投資開發有限公司)	Chaoan County Meilin Lake Development & Construction Co., Ltd.*(潮州市潮安區梅林湖開發建設有限公司)	Beneficial Owner	40%
5	Xie Maolin (謝茂林)	Shantou Guohua Properties Real Estate Development Co., Ltd.*(汕頭市國華置業地產開發有限公司)	Beneficial Owner	25%
6	Ji Yongcai (紀永財)	Shantou Glory Zhoucuowen Real Estate Development Co., Ltd.*(汕頭市國瑞周厝塢房地產開發有限公司)	Beneficial Owner	15%
7	Shantou Liyi Real Estate Investment Co., Ltd.* (汕頭市利溢房地產投資有限公司)	Foshan Guohua Properties Co., Ltd.*(佛山市國華置業有限公司)	Beneficial Owner	45%
8	Dongguan Junhao Real Estate Development Co., Ltd.* (東莞駿豪房地產開發有限公司)	Hainan Junhe Industrial Co. Ltd.*(海南駿和實業有限公司)	Beneficial Owner	10%
9	Shenzhen Xiangrui Investment Co., Ltd.* (深圳市祥瑞投資有限公司)	Shenzhen Wanji Pharmaceutical Co., Ltd.*(深圳萬基藥業有限公司) ("Shenzhen Wanji")	Beneficial Owner	20%

DISCLOSURE OF INTERESTS

No.	Name of shareholder	Name of member of the Group	Capacity	Approximate percentage of ownership held by the substantial shareholders
10	Shenzhen Dachaoshan Asset Management Co. Ltd.* (深圳市大潮汕資產管理有限公司)	Shenzhen Dachaoshan	Beneficial Owner	10%
11	Shenzhen Junpengxin Real Estate Co., Ltd (深圳市駿鵬鑫房地產有限公司)	Shenzhen Dachaoshan	Beneficial Owner	15%
12	Yao Xiaoli (姚曉麗)	Qidong Yujiangwan	Beneficial Owner	2%
13	Yao Shuobin (姚朔斌)	Qidong Yujiangwan	Beneficial Owner	8%

* For identification purpose only.

CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES AND OTHER INFORMATION

The Company is committed to maintain high standards of corporate governance with a view to assuring the conduct of the management of the Company as well as protecting the interests of the Shareholders. The Company has always recognized the importance of the Shareholders' transparency and accountability.

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. Under the current organization structure of the Company, Mr. Zhang Zhongsun (“**Chairman Zhang**”) is the chairman of the Board and the president of the Company. The roles of both chairman and president being performed by the same person deviates from the CG Code. However, Chairman Zhang has been overseeing the Group's strategic planning, development, operation and management since the Group was founded. The Company believes that the vesting of the roles of chairman and president in Chairman Zhang is beneficial to the business operation of the Group and will not have negative influence on the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprise experienced and high caliber individuals. The Board currently comprises four executive Directors and three independent non-executive Directors, and therefore has a fairly strong independence element in its composition. Save as disclosed herein, the Company has complied with the code provisions as set out in the CG Code for the six months ended June 30, 2017. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code during the six months ended June 30, 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended June 30, 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on June 5, 2014 to recognize the contribution of certain of the Company's employees and officers, especially those whom the Company considered to have contributed to the early development and growth of the Group and to provide financial incentives to them to remain with the Group and strive for the future development and expansion of the Company. A summary of the principal terms and conditions of the Share Award Scheme is set out in Appendix VIII to the Prospectus. Further details of the Share Award Scheme are set out in note 20.a to the condensed consolidated financial statements.

Pursuant to the Share Award Scheme, a total of four Selected Persons (as defined below) were awarded shares representing approximately 0.762% of the total issued share capital of the Company upon completion of its Listing (assuming the Over-allotment Option is not exercised and without taking into account any options granted under the Pre-IPO Share Option Scheme or may be granted under the Post-IPO Share Option Scheme). On June 10, 2014, Alltogether transferred a total of 33,617,700 shares to TMF (Cayman) Ltd., a special purpose vehicle incorporated in the Cayman Islands, for the benefit of the Seleted Persons.

As at June 30, 2017, a total of 33,617,700 shares were granted to Mr. Lin Yaoquan (林耀泉), Mr. Wu Yilong (吳義隆), Ms. Zhang Miaoxiang (張妙香) and Ms. Zhang Chanjuan (張嬋娟) (collectively, the “**Selected Persons**”). No further shares have been awarded under the Share Award Scheme for the six months ended June 30, 2017.

Apart from Ms. Zhang Chanjuan, the other Selected Persons disclosed above are connected persons of the Group as defined in the Listing Rules.

PRE-IPO SHARE OPTION SCHEME

The Company adopted the Pre-IPO Share Option Scheme on June 5, 2014 to enable the Company to encourage certain key employees to contribute to the Group for the long-term benefits of the Company and its Shareholders as a whole and provide the Group with a flexible means of either retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to its key employees.

The total number of shares which may be issued upon the exercise of all options granted under the Pre-IPO Share Option Scheme is 67,076,800 shares, representing approximately 1.51% of the issued share capital of the Company as at June 30, 2017. An offer of the grant of an option under the Pre-IPO Share Option Scheme shall remain open for acceptance for 28 days from the grant. An offer shall be accepted when the Company receive the duly signed offer letter together with a non-refundable payment of HK\$1.00 (or such other sum in any currency as the Board may determine). Save for the options which have been granted on or before June 16, 2014, no further options has been granted under the Pre-IPO Share Option Scheme on or after the Listing Date (i.e. July 7, 2014) and the terms which govern such further grant of options are accordingly removed. The exercise price for any option granted under the Pre-IPO Share Option Scheme shall be 60% of HK\$2.38. The share options granted will vest in three equal tranches on the first, second and third anniversary of the Listing Date (i.e. July 7, 2014), respectively. All share options will be expired after 7 years since the grant date. The validity period of the Pre-IPO Share Option Scheme will be 10 years from the adoption date of such scheme by the Shareholders on June 5, 2014.

As at June 30, 2017, options to subscribe for an aggregate of 67,076,800 shares (representing approximately 1.51% of the issued share capital of the Company) were granted to 54 grantees under the Pre-IPO Share Option Scheme. Further details of the Pre-IPO Share Option Scheme are set out in note 20.b to the condensed consolidated financial statements.

POST-IPO SHARE OPTION SCHEME

The Company adopted the Post-IPO Share Option Scheme on June 5, 2014 to enable the Company to grant options to any Director (including the independent non-executive Directors), full-time employee and consultant of the Group or any other eligible person who, in the Board's sole discretion, has contributed or will contribute to the Group (the "**Eligible Participants**") and provide the Group with a flexible means of either retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to the Eligible Participants. The purpose of the Post-IPO Share Option Scheme is to encourage the Eligible Participants to contribute to the Group for the long-term benefits of the Company and its Shareholders as a whole.

The total number of shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme or any other share option scheme adopted by the Company (including the Pre-IPO Share Option Scheme) shall not, in aggregate, exceed 10% of the total number of shares in issue when the Post-IPO Share Option Scheme was adopted, unless with the prior approval from the Company's Shareholders. The maximum number of shares in respect of which options may be granted under the Post-IPO Share Option Scheme to each eligible participant in any 12-month period up to the date of the grant shall not exceed 1% of shares in issue, unless with the prior approval from the Company's Shareholders. Options granted to a Director, chief executive or substantial Shareholder of the Company or any of their respective associates shall be subject to the prior approval of the independent non-executive Directors. Where any option granted to a substantial Shareholder or an independent non-executive Director of our Company, or any of their respective associates, which would result in the shares issued or to be issued upon exercise of all options already granted and to be granted to such person in the 12 month period, (i) representing in aggregate over 0.1% of the shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the shares, in excess of HK\$5 million, such grant of options shall be subject to the issue of a circular by the Company and prior approval of the Shareholders in general meeting on a poll at which all connected persons of the Company shall abstain from voting in favor. An offer of the grant of an option under the Post-IPO Share Option Scheme shall remain open for acceptance for 28 days from the date of grant. Upon acceptance of such grant, the grantee shall pay HK\$1.00 (or such other sum in any currency as the Board may determine) to the Company as consideration. Options may be exercised in accordance with the terms of the Post-IPO Share Option Scheme and the terms of grant thereof at any time during the applicable option period, which is not more than ten years from the date of grant of option. The subscription price shall be determined by the Board, in its sole discretion, and in any event shall be no less than the higher of (i) the official closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the official closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of the shares. The validity period of the Post-IPO Share Option Scheme will be 10 years from the adoption date of such scheme by the Shareholders on June 5, 2014.

Pursuant to the Post-IPO Share Option Scheme, the Company has offered to certain Eligible Participants options to subscribe for an aggregate of 98,000,000 shares (representing approximately 2.210% of the issued share capital of the Company). The first tranche of 49,000,000 share options (representing approximately 1.105% of the issued share capital of the Company) was granted on October 27, 2015 and as at December 31, 2015, since certain performance conditions were not met, the first tranche lapsed. The second tranche of 49,000,000 share options (representing approximately 1.105% of the issued share capital of the Company) was granted on March 23, 2016, since certain performance conditions were not met, the second tranche lapsed. Please refer to note 20.b in the consolidated financial statements in this interim report for further details.

The total number of shares available for issue under the Share Option Scheme are 429,219,718, representing 9.67% of the total number of shares in issue of the Company as at the date of this interim report.

CHANGE OF INFORMATION IN RESPECT OF DIRECTORS

There was no change to any of the information required to be disclosed in relation to any Directors of the Company pursuant to paragraphs (a) to (e) and (g) of rule 13.51(2) of the Listing Rules during the Reporting Period.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company satisfied the minimum percentage as prescribed in the waiver granted by the Stock Exchange from strict compliance with Rule 8.08 of the Listing Rules.

SUBSEQUENT EVENTS

On July 18, 2017, an indirect subsidiary of the Company, New Beijing Glory formed a consortium with two other independent third-party real estate companies and won the bid for the land use right of a land parcel in Xitieying Village (西鐵營村) of Fengtai District (豐台區) in Beijing (北京市) measuring a total of approximately 65,649.87 sq.m. for a total consideration of approximately RMB7.87 billion. New Beijing Glory holds a shareholding ratio of 20%. The land parcel is used for residential and commercial development and 54% area of it is for the purpose of self-occupied residential use.

On August 8, 2017, an indirect subsidiary of the Company, New Beijing Glory formed a consortium with two other independent third-party real estate companies and won the bid for the land use right of a land parcel in Cuihu Science and Technology Zone (翠湖科技園) of Haidian District (海澱區) in Beijing (北京市) measuring a total of 82,336.42 sq.m. for a total consideration of RMB5.98 billion. New Beijing Glory holds a shareholding ratio of 35%. The land parcel is used for residential development and 36% area of it is for the purpose of self-occupied residential use.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors including Mr. Luo Zhenbang, Mr. Lai Siming and Ms. Chen Jingru. The Audit Committee is chaired by Mr. Luo Zhenbang.

The Audit Committee has reviewed with the management and the Group’s auditors, DTT, the accounting principles and policies adopted by the Company, as well as laws and regulations, and discussed internal control and financial reporting matters (including the review of the interim results for the six months ended June 30, 2017) of the Group. The Audit Committee considered that the interim results for the six months ended June 30, 2017 are in compliance with the applicable accounting principles and policies, laws and regulations, and the Company has made appropriate disclosures thereof.

INTERNAL CONTROL

The Company has set up an internal control committee, which reports to the Board on a quarterly basis, to review and discuss the solutions to regulatory, compliance and internal control related matters on an on-going basis.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

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TO THE BOARD OF DIRECTORS OF GUORUI PROPERTIES LIMITED

(INCORPORATED UNDER THE NAME OF “GLORY LAND COMPANY LIMITED (國瑞置業有限公司)” IN THE CAYMAN ISLANDS AND CARRYING ON BUSINESS IN HONG KONG AS “GUORUI PROPERTIES LIMITED”)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Guorui Properties Limited (incorporated under the name of “Glory Land Company Limited (國瑞置業有限公司)” in the Cayman Islands and carrying on business in Hong Kong as “Guorui Properties Limited”) (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 97 to 128, which comprise the condensed consolidated statement of financial position as of June 30, 2017 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

August 28, 2017

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2017

		Six months ended June 30,	
NOTES	2017	2016	
	RMB'000	RMB'000	
	(Unaudited)	(Unaudited)	
Revenue	3 2,181,890	3,655,621	
Cost of sales and services	(1,186,186)	(2,154,919)	
Gross profit	995,704	1,500,702	
Other gains and losses	40,765	(8,536)	
Other income	10,226	7,722	
Change in fair value of investment properties	434,438	465,557	
Share of loss of an associate	—	(726)	
Distribution and selling expenses	(103,652)	(130,227)	
Administrative expenses	(178,387)	(142,217)	
Other expenses	(21,348)	(1,484)	
Finance costs	4 (79,963)	(75,780)	
Profit before tax	1,097,783	1,615,011	
Income tax expense	5 (467,333)	(614,598)	
Profit and total comprehensive income for the period	6 630,450	1,000,413	
Profit and total comprehensive income for the period attributable to:			
Owners of the Company	498,293	863,614	
Non-controlling interests	132,157	136,799	
	630,450	1,000,413	
EARNINGS PER SHARE	7		
– Basic (RMB cents)	11.3	19.6	
– Diluted (RMB cents)	11.2	19.4	

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At June 30, 2017

	NOTES	As at June 30, 2017 RMB'000 (Unaudited)	As at December 31, 2016 RMB'000 (Audited)
Non-current Assets			
Investment properties	9	17,471,000	16,674,500
Property, plant and equipment	10	245,329	198,468
Other non-current assets		802,549	794,099
Available-for-sale investments		165,192	165,192
Prepaid lease payments		284,455	287,473
Deposit paid for acquisition of property, plant and equipment		50,000	—
Deferred tax assets		371,134	290,533
Restricted bank deposits		296,087	135,167
Value added tax and tax recoverable		1,032,007	—
		20,717,753	18,545,432
Current Assets			
Inventories		64	105
Prepayment/deposits paid for land acquisition		605,010	365,010
Properties under development for sale		23,805,060	19,005,089
Properties held for sale		2,901,684	3,118,955
Trade and other receivables, deposits and prepayments	11	1,017,890	803,477
Amounts due from customers for contract work		1,149,581	1,363,512
Value added tax and tax recoverable		448,889	125,267
Amount due from the related parties	22(b)	7,700	5,000
Financial assets at fair value through profit or loss		97	97
Restricted bank deposits		542,391	151,499
Cash and bank balances		1,187,142	1,234,250
		31,665,508	26,172,261

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At June 30, 2017

	NOTES	As at June 30, 2017 RMB'000 (Unaudited)	As at December 31, 2016 RMB'000 (Audited)
Current Liabilities			
Trade and other payables	12	5,403,480	6,029,313
Deposits received from pre-sale of properties		5,042,859	2,680,425
Amounts due to related parties	22(c)	411,986	225,513
Tax payable		1,794,960	1,894,475
Bank and other borrowings - due within one year	13	6,041,204	2,877,489
		18,694,489	13,707,215
Net Current Assets		12,971,019	12,465,046
Total Assets Less Current Liabilities		33,688,772	31,010,478
Non-current Liabilities			
Other payables	12	91,312	77,794
Bank and other borrowings - due after one year	13	13,419,233	13,030,378
Corporate bonds	14	3,984,932	3,980,214
Senior notes	15	2,005,799	—
Deferred tax liabilities		2,214,061	2,111,242
		21,715,337	19,199,628
Net Assets		11,973,435	11,810,850
Capital and Reserves			
Share capital		3,515	3,513
Share premium and reserves		9,746,770	9,480,344
Equity attributable to owners of the Company		9,750,285	9,483,857
Non-controlling interests		2,223,150	2,326,993
Total Equity		11,973,435	11,810,850

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2017

	Attributable to owners of the Company								Attributable to non-controlling interests	Total	
	Share capital	Share premium	Capital reserve	Other reserve	Equity-settled share-based payment reserve	Treasury shares reserve	Statutory surplus reserve	Retained earnings			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At January 1, 2017 (Audited)	3,513	833,681	133,379	(58,601)	57,785	(18,748)	855,993	7,676,855	9,483,857	2,326,993	11,810,850
Exercise of share options	2	4,921	—	—	(1,795)	—	—	—	3,128	—	3,128
Profit and total comprehensive income for the period	—	—	—	—	—	—	—	498,293	498,293	132,157	630,450
Dividend declared to shareholders of the Company	—	(240,000)	—	—	—	—	—	—	(240,000)	—	(240,000)
Dividend declared to non-controlling interests of subsidiaries	—	—	—	—	—	—	—	—	—	(236,000)	(236,000)
Recognition of equity-settled share-based payments (note 20)	—	—	—	—	5,007	—	—	—	5,007	—	5,007
At June 30, 2017 (Unaudited)	3,515	598,602	133,379	(58,601)	60,997	(18,748)	855,993	8,175,148	9,750,285	2,223,150	11,973,435
At January 1, 2016 (Audited)	3,511	1,033,470	133,379	(42,258)	59,368	(37,495)	673,320	6,296,201	8,119,496	1,808,474	9,927,970
Exercise of share options	1	1,178	—	—	(442)	—	—	—	737	—	737
Profit and total comprehensive income for the period	—	—	—	—	—	—	—	863,614	863,614	136,799	1,000,413
Dividend declared to shareholders of the Company	—	(206,000)	—	—	—	—	—	—	(206,000)	—	(206,000)
Dividend declared to non-controlling interests of subsidiaries	—	—	—	—	—	—	—	—	—	(180,000)	(180,000)
Disposal of partial equity interest in a subsidiary to non-controlling interests (note iii)	—	—	—	(10,159)	—	—	—	—	(10,159)	110,159	100,000
Recognition of equity-settled share-based payments (note 20)	—	—	—	—	17,915	—	—	—	17,915	—	17,915
At June 30, 2016 (Unaudited)	3,512	828,648	133,379	(52,417)	76,841	(37,495)	673,320	7,159,815	8,785,603	1,875,432	10,661,035

Notes:

- Other reserve mainly represents the differences between the amount by which non-controlling interests are adjusted and the fair value of consideration paid or received when the Group acquired or disposed of partial interests in existing subsidiaries and capital contribution from non-controlling interests.
- In accordance with the Articles of Association of all subsidiaries established in the People's Republic of China ("PRC"), those subsidiaries are required to transfer 10% of the profit after taxation to the statutory surplus reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory surplus reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.
- On May 30, 2016, the Group has disposed of 12.5% equity interest in Shenzhen Wanji Pharmaceutical Co., Ltd. 深圳萬基藥業有限公司 ("Shenzhen Wanji") at a consideration of RMB100,000,000. Upon completion of the disposal, the Group's equity interest in Shenzhen Wanji was reduced to 75%.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2017

NOTE	Six months ended June 30,	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(3,894,169)	(710,430)
INVESTING ACTIVITIES		
Placement of restricted bank deposits	(42,594)	(80,048)
Withdrawal of restricted bank deposits	6,188	977
Purchase of property, plant and equipment and intangible assets	(107,675)	(29,929)
Proceeds on disposal of property, plant and equipment	17	5
Interest received	5,202	4,081
Payment for investment properties	(229,359)	(224,214)
Repayment from related parties	—	1,063
Proceeds from disposal of financial products	—	70,000
Payment of consideration payable for acquisition of subsidiaries in prior year	(599,151)	(12,500)
Net cash outflow on acquisition of a subsidiary	16 —	(226,179)
NET CASH USED IN INVESTING ACTIVITIES	(967,372)	(496,744)
FINANCING ACTIVITIES		
New bank loans raised	5,570,000	3,038,145
New other loans raised	1,400,000	—
Repayment of bank loans	(3,327,430)	(1,010,550)
Repayment of other loans	(90,000)	(841,945)
Proceeds on issue of senior notes	2,072,130	—
Transaction cost paid for senior notes	(31,082)	—
Dividends paid to shareholders of the Company	(44,321)	(38,348)
Dividends paid to non-controlling interests in the subsidiaries	(221,000)	(67,540)
Interest paid	(518,667)	(476,032)
Issue of shares upon exercise of share options	3,128	737
Repayment to related parties	(2,335)	(3,000)
Advance from related parties	4,010	4
NET CASH FROM FINANCING ACTIVITIES	4,814,433	601,471
NET DECREASE IN CASH AND CASH EQUIVALENTS	(47,108)	(605,703)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,234,250	1,956,263
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH	1,187,142	1,350,560

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2017

1. GENERAL INFORMATION OF THE GROUP

The Company was incorporated under the name of “Glory Land Company Limited (國瑞置業有限公司)” in the Cayman Islands and carrying on business in Hong Kong as “Guorui Properties Limited” as an exempted company with limited liability under the Company Laws (2012 Revision) of the Cayman Islands on July 16, 2012. Its parent and ultimate holding company is Alltogether Land Company Limited, a company incorporated in the British Virgin Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is located at No. 15, East Zhushikou Street, Dongcheng District, Beijing, PRC.

The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are principally engaged in property development, primary land construction and development services, property investment and property management and related services.

The condensed consolidated financial statements are presented in Renminbi (“RMB”), the currency of the primary economic environment in which the group entities operate (the functional currency of the group entities).

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) (the “Listing Rules”).

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2017 are the same as those followed in the preparation of the Group’s consolidated financial statements for the year ended December 31, 2016.

In the current interim period, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IAS 7

Amendments to IAS 12

Amendments to IFRS 12

Disclosure Initiative

Recognition of Deferred Tax Assets for Unrealised Losses

As part of the Annual Improvements to IFRSs 2014-2016 Cycle

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (continued)

The application of the above amendments to IFRSs in the current interim period has no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements. Additional disclosures relating to the reconciliation of liabilities arising from financing activities will be provided in the consolidated financial statements for the year ending December 31, 2017 in accordance with the amendments to IAS 7.

3. REVENUE AND SEGMENT INFORMATION

The Group is organized into business units based on their types of activities. These business units are the basis of information that is prepared and reported to the Group's chief operating decision maker (i.e. the Executive Directors of the Company) for the purposes of resources allocation and assessment of performance. The Group's operating segments under IFRS 8 *Operating Segments* are identified as the following four business units:

Property development: This segment develops and sells commercial and residential properties. All of the Group's activities are carried out in the PRC.

Primary land construction and development services: This segment derives revenue from primary land development, including services for resettlement, construction of land infrastructure and ancillary public facilities on land owned by the local governments. All of the Group's activities are carried out in the PRC.

Property investment: This segment derives rental income from investment properties developed by the Group. Currently, the Group's investment property portfolio mainly comprises commercial properties located in the PRC.

Property management and related services: This segment derives income from property management. Currently, the Group's activities are carried out in the PRC.

Segment profit represents the profit earned by each segment without allocation of other gains and losses, other income, other expenses, share of profit (loss) of an associate, changes in fair value of investment properties, finance costs and unallocated administrative expenses. This is the measure reported to the Group's chief operating decision maker for the purpose of resources allocation and performance assessment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2017

3. REVENUE AND SEGMENT INFORMATION (continued)

Inter-segment sales are priced with reference to prices charged to external parties for similar products and services.

No segment assets and liabilities are presented as they were not regularly provided to the chief operating decision maker for the purposes of resources allocation and performance assessment.

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

	Property development RMB'000 (Unaudited)	Primary land construction and development services RMB'000 (Unaudited)	Property investment RMB'000 (Unaudited)	Property management and related services RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Six months ended June 30, 2017					
Revenue from external customers	2,004,155	34,893	140,435	2,407	2,181,890
Inter-segment revenue	—	—	—	—	—
Segment revenue	2,004,155	34,893	140,435	2,407	2,181,890
Segment profit	619,934	539	108,071	(421)	728,123
Six months ended June 30, 2016					
Revenue from external customers	3,415,689	41,604	145,664	52,664	3,655,621
Inter-segment revenue	—	—	—	6,731	6,731
Segment revenue	3,415,689	41,604	145,664	59,395	3,662,352
Segment profit	1,130,733	1,522	102,859	4,057	1,239,171

For the six months ended June 30, 2017

3. REVENUE AND SEGMENT INFORMATION (continued)**(b) Reconciliations of segment revenue, profit or loss**

	Six months ended June 30,	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue		
Segment revenue	2,181,890	3,662,352
Elimination of inter-segment revenue	—	(6,731)
Consolidated revenue	2,181,890	3,655,621
Profit		
Segment profit	728,123	1,239,171
Other gains and losses	40,765	(8,536)
Other income	10,226	7,722
Other expenses	(21,348)	(1,484)
Share of loss of an associate	—	(726)
Change in fair value of investment properties	434,438	465,557
Finance costs	(79,963)	(75,780)
Unallocated administrative expenses	(14,458)	(10,913)
Consolidated profit before taxation	1,097,783	1,615,011

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2017

4. FINANCE COSTS

	Six months ended June 30,	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank loans	477,674	418,511
Interest on other loans	37,336	52,763
Interest on corporate bonds	141,069	113,729
Interest on senior notes	43,411	—
Total	699,490	585,003
Less: Amounts capitalized to properties under development	(619,527)	(509,223)
	79,963	75,780

Interests capitalized arose from borrowings made specifically for the purpose of construction of the qualifying assets, which bore annual interest at rates from 4.9% to 9.8% (six months ended June 30, 2016: 4.9% to 12.2%) and general borrowings pool calculated by applying a capitalization rate of 6.4% (six months ended June 30, 2016: 7.5%) per annum on expenditure on the qualifying assets.

5. INCOME TAX EXPENSE

	Six months ended June 30,	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
PRC Enterprise Income Tax	215,555	312,566
Under provision in prior year	—	17
Land appreciation tax ("LAT")	229,560	272,316
	445,115	584,899
Deferred tax	22,218	29,699
Income tax expense	467,333	614,598

For the six months ended June 30, 2017

5. INCOME TAX EXPENSE (continued)

PRC Enterprise Income Tax has been calculated on the estimated assessable profit derived from the PRC at the rate of 25% for both periods.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable exemptions and deductions.

6. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

Profit and total comprehensive income for the period has been arrived at after charging (crediting):

	Six months ended June 30,	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Directors' remunerations		
– Salaries and other benefits	5,655	4,710
– Retirement benefit contributions	64	66
– Equity-settled share-based payments	363	1,209
Other staff costs		
– Salaries and other benefits	135,045	117,426
– Retirement benefit contributions	11,993	10,119
– Equity-settled share-based payments	4,644	16,706
Total staff costs	157,764	150,236
Less: Amounts capitalized to properties under development	(73,883)	(66,903)
	83,881	83,333
Cost of properties sold recognized as expense	1,137,035	2,039,403
Losses (gains) on disposal of property, plant and equipment	1	(5)
Net foreign exchange (gains) losses (included in "other gains and losses")	(40,766)	8,597
Interest income	(5,202)	(4,081)
Depreciation of property, plant and equipment	14,772	13,050
Amortization of intangible assets	692	528
Release of prepaid lease payments	3,018	3,018
Operating lease rentals	1,085	948
Rental income from investment properties	(140,435)	(145,664)
Less: Direct operating expenses	32,364	42,805
	(108,071)	(102,859)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2017

7. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended June 30,	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	498,293	863,614

	Six months ended June 30,	
	2017 '000	2016 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	4,426,788	4,411,571
Effect of dilutive potential ordinary shares:		
Share options	24,773	28,799
Share awards	11,145	18,806
Weighted average number of ordinary shares for the purpose of diluted earnings per share	4,462,706	4,459,176

The number of shares adopted in the calculation of the basic earnings per share has been arrived at after eliminating the unvested shares of the Company held under the Company's share award scheme.

8. DIVIDENDS

During the current interim period, a final dividend in respect of the year ended December 31, 2016 of HK6.04 cents (six months ended June 30, 2016: in respect of the year ended December 31, 2015 of HK5.55 cents) per ordinary share totalling HK\$267,994,000 (equivalent to RMB240,000,000) (six months ended June 30, 2016: HK\$245,882,000, equivalent to RMB206,000,000) was declared.

During the current interim period, part of the dividend amounting to HK\$50,835,000 (equivalent to RMB44,321,000) (six months ended June 30, 2016: HK\$45,390,000, equivalent to RMB38,348,000) was paid.

Subsequent to the end of the current interim period, the directors of the Company have determined that an interim dividend of HK7.52 cents per share amounting to HK\$333,849,000 (equivalent to RMB300,000,000) in aggregate (six months ended June 30, 2016: Nil) will be paid to the owners of the Company.

For the six months ended June 30, 2017

9. INVESTMENT PROPERTIES

	Total RMB'000
Fair value	
At January 1, 2017 (Audited)	16,674,500
Additions	362,062
Change in fair value of investment properties	434,438
At June 30, 2017 (Unaudited)	17,471,000
At January 1, 2016 (Audited)	15,065,850
Additions	348,443
Change in fair value of investment properties	465,557
At June 30, 2016 (Unaudited)	15,879,850
Additions	438,067
Change in fair value of investment properties	386,377
Disposal	(29,794)
At December 31, 2016 (Audited)	16,674,500

The investment properties are all situated in the PRC under medium-term lease. The fair value of the Group's investment properties, including the Group's property interests held under operating leases classified and accounted for as investment properties, as at June 30, 2017 and December 31, 2016 have been arrived at on the basis of valuations carried out on those dates by Colliers International (Hong Kong) Ltd ("Colliers"), a firm of independent qualified professional valuers not connected with the Group, who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The valuations of completed investment properties were arrived at with adoption of direct comparison approach assuming sale of each of these properties in its existing state by making reference to comparable sales transactions as available in the relevant market and also consider income method-direct capitalization approach by capitalization of the net rental income derived from the existing tenancy agreements with due allowance for the reversionary income potential of the properties.

Fair values of the investment properties under development are generally derived using the residual method. This valuation method is essentially a means of valuing the land and building by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed in accordance with the existing development plans as at the date of valuation, which duly reflected the risks associated with the development.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2017

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2017, additions to property, plant and equipment amounted to RMB61,651,000 (six months ended June 30, 2016: RMB28,716,000), consisting of buildings, motor vehicles and electronic equipment and furniture.

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables mainly comprise of rental receivables and receivables for sales of properties. Pursuant to the lease agreements, rental payment is generally required to be settled in advance with no credit period being granted to the tenants. In respect of sale of properties, a credit period of six to twelve months may be granted to specific customers on a case-by-case basis.

	As at June 30, 2017 RMB'000 (Unaudited)	As at December 31, 2016 RMB'000 (Audited)
Trade receivables, net of allowance	434,386	185,849
Advances to contractors and suppliers	230,382	376,959
Other receivables from independent third parties (note)	17,261	17,261
Other receivables and prepayment, net of allowance	251,699	152,430
Prepaid lease payment - current portion	6,035	6,035
Deposits	78,127	64,943
	1,017,890	803,477

Note: Other receivables from independent third parties are of non-trade nature, unsecured, interest free and repayable on demand.

For the six months ended June 30, 2017

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

The following is an analysis of trade receivables by age, presented based on the date of recognition of revenue:

	As at June 30, 2017 RMB'000 (Unaudited)	As at December 31, 2016 RMB'000 (Audited)
0 to 60 days	223,071	28,168
61 to 180 days	68,828	12,623
181 to 365 days	27,994	26,890
1-2 years	81,944	94,541
Over 2 years	32,549	23,627
	434,386	185,849

Trade receivables with an amount of approximately RMB101,764,000 and RMB102,184,000 as at June 30, 2017 and December 31, 2016, respectively, are overdue receivables but not impaired. The Group does not hold any collateral over these balances.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2017

12. TRADE AND OTHER PAYABLES

	As at June 30, 2017 RMB'000 (Unaudited)	As at December 31, 2016 RMB'000 (Audited)
Trade payables	3,987,549	3,943,878
Rental received in advance	28,975	26,696
Deposits received	301,820	622,806
Payable for acquisition of subsidiaries (note (a))	187,717	786,868
Dividends	15,000	—
Accrued payroll	18,918	45,833
Business and other tax payable	281,395	243,709
Other payables and accruals	673,418	437,317
	5,494,792	6,107,107
Analyzed for reporting purposes as:		
Non-current (note (b))	91,312	77,794
Current	5,403,480	6,029,313
	5,494,792	6,107,107

Notes:

- (a) The balance as at June 30, 2017 comprises the outstanding balance of consideration amounted to RMB187,717,000 (December 31, 2016: RMB750,868,000) for the acquisition of equity interests in Qidong Yujiangwan Investment Management Co., Ltd. 啟東禦江灣投資管理有限公司 (“Qidong Yujiangwan”) during 2016. The remaining outstanding balance of RMB36,000,000 as at December 31, 2016 was related to the equity interests in Shaanxi Huawei Shida Industrial Co., Ltd. acquired in 2013. These amounts are unsecured, interest free and repayable on demand.
- (b) Pursuant to the relevant rental agreements, rental deposits of approximately RMB91,312,000 (December 31, 2016: RMB77,794,000) as at June 30, 2017 will be refundable after twelve months from the end of the reporting period and is therefore classified as non-current liability.

Trade payables comprise construction costs payable and other project-related expenses payable. The average credit period of trade payable is approximately 180 days.

For the six months ended June 30, 2017

12. TRADE AND OTHER PAYABLES (continued)

The following is an analysis of trade payables by age, presented based on the invoice date:

	As at June 30, 2017 RMB'000 (Unaudited)	As at December 31, 2016 RMB'000 (Audited)
0 to 60 days	1,719,163	2,551,084
61-365 days	1,322,291	478,604
1-2 years	482,284	772,986
Over 2 years	463,811	141,204
	3,987,549	3,943,878

13. BANK AND OTHER BORROWINGS

	As at June 30, 2017 RMB'000 (Unaudited)	As at December 31, 2016 RMB'000 (Audited)
Bank loans, secured	17,850,437	15,607,867
Other loans, secured	1,610,000	300,000
	19,460,437	15,907,867
Less: Amount due within one year shown under current liabilities	(6,041,204)	(2,877,489)
Amount due after one year	13,419,233	13,030,378

As at June 30, 2017, the borrowings with carrying amount of RMB10,205,293,000 (December 31, 2016: RMB6,878,889,000) carry interest at variable rates based on the interest rates quoted by the People's Bank of China, the effective interest rate ranges from 2.55% to 6.50% (December 31, 2016: 2.46% to 6.65%) per annum. The remaining borrowings are arranged at fixed rates, ranging from 4.75% to 9.80% (December 31, 2016: 5.9% to 10.0%) per annum at June 30, 2017.

During the six months ended June 30, 2017, the Group borrowed new bank loans of RMB5,570,000,000 (six months ended June 30, 2016: RMB3,038,145,000) and other loans of RMB1,400,000,000 (six months ended June 30, 2016: nil), and repaid bank loans amounting to RMB3,327,430,000 (six months ended June 30, 2016: RMB1,010,550,000) and other loans amounting to RMB90,000,000 (six months ended June 30, 2016: RMB841,945,000) respectively.

For the six months ended June 30, 2017

13. BANK AND OTHER BORROWINGS (continued)

The directors of the Company consider that the carrying amounts of bank and other borrowings of RMB19,460,437,000 (December 31, 2016: RMB15,907,867,000) and related interest amounting to RMB33,713,000 (December 31, 2016: RMB32,167,000) as at June 30, 2017 recognised in the condensed consolidated financial statements approximate to their fair value.

14. CORPORATE BONDS

(a) Corporate bonds issued in 2015 (the “2015 Corporate Bonds”)

On November 11, 2015, Shantou Garden Group Co., Ltd. 汕頭花園集團有限公司 (“Garden Group”) has issued its first tranche of domestic corporate bonds to the public in the PRC (“First Tranche Issue”) with a principal amount of RMB2,000,000,000, bearing interest at the coupon rate of 7.25% per annum, paid annually, and has a term of 5 years. On December 22, 2015, Garden Group has issued the second tranche of domestic corporate bonds to the public in the PRC (“Second Tranche Issue”) with a principal amount of RMB1,000,000,000, bearing interest at the coupon rate of 7.47% per annum, paid annually, and has a term of 5 years. The Group is entitled to adjust or not adjust the coupon rate at the end of the third year with the right of redemption exercisable by the holders.

According to the terms and conditions of the 2015 Corporate Bonds, Garden Group has the right to adjust and not adjust the coupon rate for the fourth and fifth year at the end of the third year, by giving a 30-day notice to the bondholder before November 10 and December 21, 2018. At the same time, the bondholder may at its option require Garden Group to redeem the bond at a redemption price equal to 100% of the principal plus accrued and unpaid interest to such redemption date. The remaining bond will be subject to the adjusted interest rate until the maturity date. The effective interest rate of the First Tranche Issue and Second Tranche Issue of 2015 Corporate Bonds is approximately 7.61% and 7.64% per annum after the adjustment for transaction costs.

The carrying amount of 2015 Corporate Bonds is amounting to RMB2,988,517,000 (December 31, 2016: RMB2,984,555,000) and related interest is amounting to RMB131,747,000 (December 31, 2016: RMB21,897,000) as at June 30, 2017.

The fair value of 2015 Corporate Bonds at June 30, 2017 is approximately RMB2,965,200,000 (December 31, 2016: RMB2,989,000,000) based on the quoted market price and classified as level 1 of fair value hierarchy.

(b) Corporate bonds issued in 2016 (the “2016 Corporate Bonds”)

On September 22, 2016, Garden Group has issued its first tranche of domestic corporate bonds through non-public offering in the PRC (“First Tranche Non-public Issue”) with a principal amount of RMB1,000,000,000, bearing interest at the coupon rate of 5.3% per annum, paid annually, and has a term of 5 years. The Group is entitled to adjust the coupon rate at the end of the third year with the right of redemption exercisable by the holders. The 2016 Corporate Bonds are secured by certain investment properties of the Group.

According to the terms and conditions of the 2016 Corporate Bonds, Garden Group has the right to adjust and not adjust the coupon rate for the fourth and fifth year at the end of the third year, by giving a 30-day notice to the bondholder before September 21, 2019. At the same time, the bondholder may at its option require Garden Group to redeem the bond at a redemption price equal to 100% of the principal plus accrued and unpaid interest to such redemption date. The remaining bond will be subject to the adjusted interest rate until the maturity date. The effective interest rate of the 2016 Corporate Bonds is approximately 5.47% per annum after the adjustment for transaction costs.

14. CORPORATE BONDS (continued)

(b) Corporate bonds issued in 2016 (the “2016 Corporate Bonds”) (continued)

The directors of the Company consider that the carrying amounts of 2016 Corporate Bonds of RMB996,415,000 (December 31, 2016: RMB995,659,000) and related interest amounting to RMB40,004,000 (December 31, 2016: RMB13,504,000) as at June 30, 2017 recognised in the condensed consolidated financial statements approximate to their fair value.

15. SENIOR NOTES

On March 21, 2017, the Company issued Senior Notes with an aggregated nominal value of US\$300,000,000 (“2017 Senior Notes”) at face value. The 2017 Senior Notes bear interest from March 21, 2017 at 7.00% per annum payable semi-annually in arrears on March 21 and September 21 of each year, commencing September 21, 2017. The 2017 Senior Notes will mature on March 21, 2020. The effective interest rate is approximately 7.82% per annum after the adjustment for transaction costs. The 2017 Senior Notes are listed on the Hong Kong Exchange Securities Trading Limited.

According to the terms and conditions of the 2017 Senior Notes, the Company may at its option to redeem the 2017 Senior Notes in the following circumstances: (1) On 21 March, 2019, the Company may redeem the 2017 Senior Notes, in whole and not in part, at the redemption price equal to 100% of the principal amount of the 2017 Senior Notes redeemed plus accrued and unpaid interest, if any, on the 2017 Senior Notes redeemed, to (but not including) the date of redemption. The Company will give not less than 20 days’ nor more than 30 days’ notice of any such redemption, to the holders and the trustee. (2) At any time prior to March 21, 2019, the Company may redeem the 2017 Senior Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the redeemed 2017 Senior Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. Applicable Premium means with respect to 2017 Senior Notes at any redemption date, the greater of (i) 1.00% of the principal amount of such notes and (ii) the excess of (A) the present value at such redemption date of the principal amount of such notes on March 21, 2019, plus all required remaining scheduled interest payments due on such notes through March 21, 2019 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Adjusted Treasury Rate plus 100 basis points, over (B) the principal amount of such notes on such redemption date. The Company will give not less than 30 days’ nor more than 60 days’ notice of any redemption. (3) At any time and from time to time prior to March 21, 2020, the Company may redeem up to 35% of the aggregate principal amount of the 2017 Senior Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 107.00% of the principal amount of the 2017 Senior Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the 2017 Senior Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The holders of 2017 Senior Notes have the right, at their option, to require the Company to repurchase for cash all of their 2017 Senior Notes, or any portion of the principal thereof that is equal to US\$200,000 or an integral multiple of US\$1,000 in excess thereof, on March 21, 2019 at the repurchase price equal to 100% of the principal amount of 2017 Senior Notes to be repurchased, plus accrued and unpaid interest to, but excluding, March 21, 2019.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2017

15. SENIOR NOTES (continued)

The directors of the Company consider that the fair value of the above early redemption options was insignificant on initial recognition and at June 30, 2017.

The carrying amount of 2017 Senior Notes is amounting to RMB2,005,799,000 and related interest is amounting to RMB39,045,000 as at June 30, 2017. The fair value of 2017 Senior Notes at June 30, 2017 is approximately RMB2,012,830,000 based on quoted market price and classified as level 1 of fair value hierarchy.

16. ACQUISITION OF A SUBSIDIARY

On January 8, 2016, the Group entered into an agreement with Shantou Jinming Wujin Material Co., Ltd. 汕頭金明五金材料有限公司 (“Jinming Wujin”), a company controlled by Mr. Zhang Zhangsun, for the acquisition of 100% equity interest in 汕頭市國瑞醫院有限公司 (Shantou Guorui Hospital Co., Ltd.) (“Guorui Hospital”) for a total cash consideration of RMB306,000,000. Guorui Hospital currently owns the land use right of a parcel of land in Shantou. Guorui Hospital has not carried on any business or operations other than holding this parcel of land. This acquisition is accounted for as acquisition of assets and the associated liabilities.

For the six months ended June 30, 2017

16. ACQUISITION OF A SUBSIDIARY (continued)

The net assets of the subsidiary at the date of acquisition are as follows:

	Six months ended June 30, 2016 Guorui Hospital RMB'000
<i>Current assets</i>	
Cash and bank balances	9,821
Other receivable	5,933
<i>Non-current assets</i>	
Prepaid lease payments	290,495
Property, plant and equipment	2,725
Deferred tax assets	236
<i>Current liabilities</i>	
Trade and other payables	(3,210)
Net assets acquired	306,000
Less: Non-controlling interests	—
Total consideration	<u>306,000</u>
Satisfied by:	
Cash	236,000
Deposit paid in previous years	70,000
	<u>306,000</u>
Net cash outflow arising on acquisition:	
Cash consideration	(236,000)
Cash and bank balances acquired	9,821
	<u>(226,179)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2017

17. PLEDGE OF ASSETS

The following assets were pledged to secure certain bank and other loans granted to the Group at June 30, 2017 and December 31, 2016:

	As at June 30, 2017 RMB'000 (Unaudited)	As at December 31, 2016 RMB'000 (Audited)
Investment properties	16,365,552	14,824,090
Property, plant and equipment	59,356	63,245
Prepaid lease payments	283,698	2,121
Properties under development for sale	11,333,548	12,318,147
Properties held for sale	1,573,712	1,880,084
Restricted bank deposits	10,162	10,146
	29,626,028	29,097,833

As at June 30, 2017 and at December 31, 2016, 100% equity interest in Foshan Glory Southern Real Estate Development Co., Ltd. 佛山市國瑞南方地產開發有限公司 (“Foshan Glory Southern”), 51% equity interest in Hainan Junhe Industrial Co., Ltd. 海南駿和實業有限公司, 75% equity interest in Shenzhen Wanji, 100% equity interest in Glory Xingye (Beijing) Investment Co., Ltd. (國瑞興業(北京)投資有限公司), 100% equity interest in Beijing Wenhua Shengda Real Estate Development Co., Ltd. (北京文華盛達房地產開發有限公司), 100% equity interest in Foshan Guohua Properties Co., Ltd. 佛山市國華置業有限公司 (“Foshan Guohua”), 100% equity interest in Shantou Glory Real Estate Development Co., Ltd. 汕頭市國瑞房地產開發有限公司 (“Shantou Glory”), 100% equity interest in Qidong Yujiangwan and 100% equity interest in Suzhou Glory Real Estate Co., Ltd. 蘇州國瑞地產有限公司 (“Suzhou Glory”) were pledged to secure certain banks and other borrowings in the PRC.

As at June 30, 2017, 100% equity interest in Guorui Hospital was pledged to secure certain banks and other borrowings in the PRC.

In addition, the Group pledged 100% equity interest in Hainan Glory Investment & Development Co., Ltd. 海南國瑞投資開發有限公司 (“Hainan Glory Investment”) to Hai Kou New City Construction & Development Co., Ltd. 海口新城區開發建設有限公司 (“Hai Kou New City”) in order to secure the performance obligation as at June 30, 2017 and December 31, 2016. Upon the completion of the construction contract, the pledge shall be released within 10 days.

For the six months ended June 30, 2017

18. COMMITMENTS

At June 30, 2017 and December 31, 2016, the Group had the following commitments:

	As at June 30, 2017 RMB'000 (Unaudited)	As at December 31, 2016 RMB'000 (Audited)
Contracted but not provided for		
– Expenditure in respect of investment properties under development	222,120	310,802
– Construction of properties for own use	412,801	25,576
	634,921	336,378

In addition to the above capital commitments, the Group has contracted expenditure in respect of properties under development for sale of RMB4,787,203,000 (December 31, 2016: RMB3,569,079,000) as at June 30, 2017, which have not provided for in the condensed consolidated financial statements.

19. CONTINGENT LIABILITIES

	As at June 30, 2017 RMB'000 (Unaudited)	As at December 31, 2016 RMB'000 (Audited)
Guarantees provided by the Group in respect of loan facilities utilized by		
– individual property buyers (note)	7,582,859	6,563,622
– corporate property buyers (note)	51,900	45,420
	7,634,759	6,609,042

Note:

As at June 30, 2017 the Group provided guarantees to banks in favor of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as security of the mortgage loans granted.

In the opinion of the directors of the Company, the fair value of the financial guarantee contracts at initial recognition and subsequently at the end of each reporting period is not significant as the default rate is low.

Pursuant to the construction contract signed between Hainan Glory Property Services Co., Ltd. 海南國瑞房地產開發有限公司 ("Hainan Glory") and Hai Kou New City on July 5, 2009, Hainan Glory pledged its 100% equity interest in Hainan Glory Investment to Hai Kou New City, the details of the pledge are disclosed in note 17.

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20. SHARE-BASED PAYMENT TRANSACTIONS

(a) Share Award Scheme

Pursuant to the share award scheme adopted by the Company on June 12, 2014 (the “Share Award Scheme”), a total of four employees were awarded in aggregate 33,617,700 shares of the Company on June 16, 2014. The awarded shares will vest in three equal tranches on the first, second and third anniversary of the date on which the Company’s shares are listed on the Stock Exchange (the “Listing Date”), respectively. On July 7, 2015 and July 7, 2016, 11,205,896 and 11,205,896 shares had been vested to the employees respectively.

The weighted average fair value of the shares granted under the Share Award Scheme at June 16, 2014 was RMB56,242,000, which was determined using Monte Carlo simulation model. The significant inputs into the model were estimated fair value of shares at the grant date, expected dividend payout rate, annual risk-free rate and volatility rate. The volatility is measured based on past years historical price volatility of similar companies.

The Group recognized an expense of RMB2,735,000 (six months ended June 30, 2016: RMB5,250,000) for the current interim period in relation to shares awarded by the Company. The shares awarded by the Company will be settled with the existing shares held by a trust company on behalf of the Company.

The following table discloses movements of the awarded shares during both periods:

	Outstanding at January 1, 2017	Vested during the period	Outstanding at June 30, 2017
Awarded shares	11,205,908	—	11,205,908
	Outstanding at January 1, 2016	Vested during the period	Outstanding at June 30, 2016
Awarded shares	22,411,804	—	22,411,804

20. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(b) Share Option Scheme

Pre-IPO Share Option Scheme

Pursuant to the pre-IPO share option scheme adopted by the Company on June 5, 2014 (the “Pre-IPO Share Option Scheme”), the Company granted to 54 employees options to subscribe for an aggregate of 67,076,800 shares of the Company on June 16, 2014 (the “Pre-IPO Share Option”).

All options under the Pre-IPO Share Option Scheme were granted on June 16, 2014 and no further options will be granted under the Pre-IPO Share Option Scheme prior to the Listing Date. No additional performance target or condition applies to the outstanding options granted under the Pre-IPO Share Option Scheme. The exercise price for any option granted under the Pre-IPO Share Option Scheme shall be 60% of the offer price. The share options granted will vest in three equal tranches on the first, second and third anniversary of the Listing Date, respectively. All share options will be expired after 7 years since the grant date.

The vesting period of the Pre-IPO Share Options is as follows:

33.33%: from the date of grant to July 7, 2015

33.33%: from the date of grant to July 7, 2016

33.34%: from the date of grant to July 7, 2017

Post-IPO Share Option Scheme

The Company adopted the post-IPO share option scheme on June 5, 2014 (the “Post-IPO Share Option Scheme”) to enable the Company to grant options to any director (including the independent non-executive directors), full-time employee and consultant of the Group or any other eligible person who, in the Board’s sole discretion, has contributed or will contribute to the Group (the “Eligible Participants”). The purpose of the Post-IPO Share Option Scheme is to encourage the Eligible Participants to contribute to the Group for the long-term benefits of the Company and its shareholders as a whole.

Pursuant to the Post-IPO Share Option Scheme, the Company offered to 137 employees options to subscribe for an aggregate of 98,000,000 shares of the Company. The first tranche of 49,000,000 share options were granted on October 27, 2015 and were forfeited during the year ended December 31, 2015 because of failure to satisfy the performance conditions. The second tranche of 49,000,000 share options were granted on March 23, 2016 (“Share Option 2016”) and were forfeited during the year ended December 31, 2016 because of failure to satisfy the performance conditions.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2017

20. SHARE-BASED PAYMENT TRANSACTIONS (continued)

(b) Share Option Scheme (continued)

The following table discloses movements of the Company's share options held by employees and directors during the period:

	Outstanding at 1/1/2017	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 30/6/2017
Pre-IPO Share Option					
– Directors	10,500,000	—	—	—	10,500,000
– Other employees	50,416,483	—	(2,493,665)	—	47,922,818
	60,916,483	—	(2,493,665)	—	58,422,818
Exercisable at the end of the period					36,463,844
Weighted average exercise price (HKD)	1.428	—	1.428	—	1.428
	Outstanding at 1/1/2016	Granted during the period	Exercised during the period	Forfeited during the period (note)	Outstanding at 30/6/2016
Pre-IPO Share Option					
– Directors	10,500,000	—	—	—	10,500,000
– Other employees	54,395,803	—	(613,333)	(800,002)	52,982,468
Share Option 2016					
– Directors	—	2,900,000	—	—	2,900,000
– Other employees	—	46,100,000	—	(1,600,000)	44,500,000
	64,895,803	49,000,000	(613,333)	(2,400,002)	110,882,468
Exercisable at the end of the period					19,564,603
Weighted average exercise price (HKD)	1.428	3.75	1.428	2.98	2.42

Note: The share options granted under Pre-IPO Share Option and Share Option 2016 were forfeited during the six months ended June 30, 2016 because of resignation of the employees before vesting of the share options.

For the six months ended June 30, 2017

20. SHARE-BASED PAYMENT TRANSACTIONS (continued)**(b) Share Option Scheme (continued)**

In respect of the share options exercised during the current interim period, the weighted average share price at the dates of exercise is HKD2.49.

The fair values of the share options granted were calculated using the binominal model. The inputs into the model were as follows:

	Share Option 2016	Pre-IPO Share Option
Date of grant	March 23, 2016	June 16, 2014
Share price at the date of grant	HKD 3.02	HKD 2.38
Exercise price of the options	HKD 3.75	HKD 1.428
Expected volatility	39.41%	42.10%
Expected life	9.6 years	7 years
Risk-free rate	1.086%	1.32%
Expected dividend yield	1.417%	4.88%
Fair value	RMB 0.6605	RMB 0.720

Expected volatility was determined by using the historical volatility of the similar companies and the Company. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the options.

The Group recognized the total expenses of RMB2,272,000 (six months ended June 30, 2016: RMB12,665,000) for the current interim period in relation to share options granted by the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2017

21. OPERATING LEASE COMMITMENT

The Group as a lessor

The properties held by the Group for rental purpose have committed tenants from six months to twenty years in which majority are fixed rental.

At June 30, 2017 and December 31, 2016, the Group has contracted with tenants for the following future minimum lease payments under non-cancellable operating leases:

	As at June 30, 2017 RMB'000 (Unaudited)	As at December 31, 2016 RMB'000 (Audited)
Within one year	312,591	314,171
In the second to the fifth year inclusive	507,594	550,769
After the fifth year	271,501	213,743
	1,091,686	1,078,683

The Group as a lessee

The Group leases various office buildings under non-cancellable operating lease agreements. The lease terms are between 1 and 3 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at June 30, 2017 RMB'000 (Unaudited)	As at December 31, 2016 RMB'000 (Audited)
Within one year	1,131	1,492
In the second to third year inclusive	60	—
	1,191	1,492

For the six months ended June 30, 2017

22. RELATED PARTY BALANCES AND TRANSACTIONS

- (a) The following parties are identified as related parties to the Group and the respective relationships are set out below:

Name of related parties	Relationship with the Group
Mr. Zhang Zhangsun	Executive Director and controlling shareholder of the Group
Ms. Ruan Wenjuan	Executive Director and spouse of Mr. Zhang Zhangsun
Shantou Jinming Wujin Material Co., Ltd ("Jinming Wujin") 汕頭金明五金材料有限公司	Controlled by Mr. Zhang Zhangsun
Alltogether Land Company Limited ("Alltogether Land") 通和置業有限公司	Controlled by Mr. Zhang Zhangsun
Foshan Yinhe Ruixing Commercial Management Co., Ltd. ("Foshan Yinhe") 佛山市銀和瑞興商業管理有限公司	Controlled by Ms. Zhang Jin, daughter of Mr. Zhang Zhangsun
Beijing Glory Commercial Management Co., Ltd. ("Glory Commercial Management") 北京國瑞興業商業管理有限公司	Controlled by Ms. Zhang Jin, daughter of Mr. Zhang Zhangsun
Shantou Garden Hotel Management Co., Ltd. ("Shantou Garden Hotel") 汕頭市花園賓館管理有限公司	Controlled by Mr. Zhang Zhangsun
Beijing Glory Property Services Co., Ltd ("Glory Services") 北京國瑞物業服務有限公司	Controlled by Mr. Zhang Zhangsun
Shenzhen Glory Industrial Development Co., Ltd ("Shenzhen Glory Industrial") 深圳國瑞興業發展有限公司	Controlled by Mr. Zhang Zhangsun
Longhu Huamu Market Co., Ltd ("Longhu Huamu") 汕頭市龍湖花木市場有限公司	Controlled by Ms. Zhang Youxi, sister of Mr. Zhang Zhangsun

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2017

22. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

- (b) At June 30, 2017 and December 31, 2016, the Group has prepayments to or amounts receivable from the following related parties and the details are set out below:

Name of related party	As at June 30, 2017 RMB'000 (Unaudited)	As at December 31, 2016 RMB'000 (Audited)
Trade nature: Foshan Yinhe	2,700	—
Non-trade nature: Shenzhen Glory Industrial	5,000	5,000
Total	7,700	5,000

- (c) At June 30, 2017 and December 31, 2016, the Group has amounts due to the following related parties and the details are set out below:

Name of related party	As at June 30, 2017 RMB'000 (Unaudited)	As at December 31, 2016 RMB'000 (Audited)
Trade nature: Glory Commercial Management (note i)	3,204	3,431
Non-trade nature: Jinming Wujin	188	192
Glory Services	4,366	2,446
Alltogether Land (note ii)	404,225	219,444
Shantou Garden Hotel	3	—
	408,782	222,082
Total	411,986	225,513

Notes:

- (i) Balance is of trade nature, unsecured, interest free, repayable on demand and aged within one year.
- (ii) The amount represented dividend payable and advance from shareholder of the Company recorded under amounts due to related parties.

For the six months ended June 30, 2017

22. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

- (d) In addition to the acquisition of Guorui Hospital as disclosed in Note 16, during the six months ended June 30, 2017 and 2016, the Group entered into the following transactions with its related parties:

Name of related party	Nature of transaction	Six months ended June 30,	
		2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Glory Commercial Management	Property management services fee	—	7,993
Foshan Yinhe	Property management services fee	7,642	—

- (e) Mr. Zhang Zhangsun and Ms. Ruan Wenjuan have provided guarantees for certain bank loans and other loans granted to the Group for nil consideration. At June 30, 2017, the Group has bank loans and other loans guaranteed by Mr. Zhang Zhangsun and Ms. Ruan Wenjuan amounting to RMB9,183,838,000 (December 31, 2016: RMB7,293,132,000).

Jinming Wujin has provided guarantees for certain bank loans and other loans granted to the Group for nil consideration. At June 30, 2017, the Group has bank loans and other loans guaranteed by Jinming Wujin amounting to RMB144,193,000 (December 31, 2016: RMB147,654,000).

Longhu Huamu has provided guarantees for certain bank loans and other loans granted to the Group for nil consideration. At June 30, 2017, the Group has bank loans and other loans guaranteed by Longhu Huamu amounting to RMB206,000,000 (December 31, 2016: RMB218,000,000).

- (f) Key management personnel emoluments

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, which including directors of the Company and other key management of the Group. The key management personnel compensation are as follows:

	Six months ended June 30	
	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
Short-term employee benefits	12,667	9,813
Retirement benefit contributions	238	222
Equity-settled share-based payments	2,893	7,173
	15,798	17,208

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended June 30, 2017

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's investment in funds of RMB97,000 (December 31, 2016: RMB97,000) as at June 30, 2017 which are measured subsequent to initial recognition at fair value, are grouped into Level 2 and determined by reference to a discounted cash flows model based on expected interest rates.

Except as disclosed in Notes 13, 14 and 15, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated statement of financial position approximate their respective fair values at the end of each reporting period.

24. MAJOR NON-CASH TRANSACTIONS

On May 30, 2016, the Group has renegotiated and entered into an agreement with an independent third party, Shenzhen Xiangrui Investment Co., Ltd (深圳祥瑞投資有限公司) ("Shenzhen Xiangrui"), and agreed to dispose of the 12.5% equity interest in Shenzhen Wanji, a subsidiary of the Group at a consideration of RMB100,000,000. The consideration was settled through the consideration payable to the Shenzhen Xiangrui of same amount.



GLORY 国瑞

GUORUI PROPERTIES LIMITED

國瑞置業有限公司